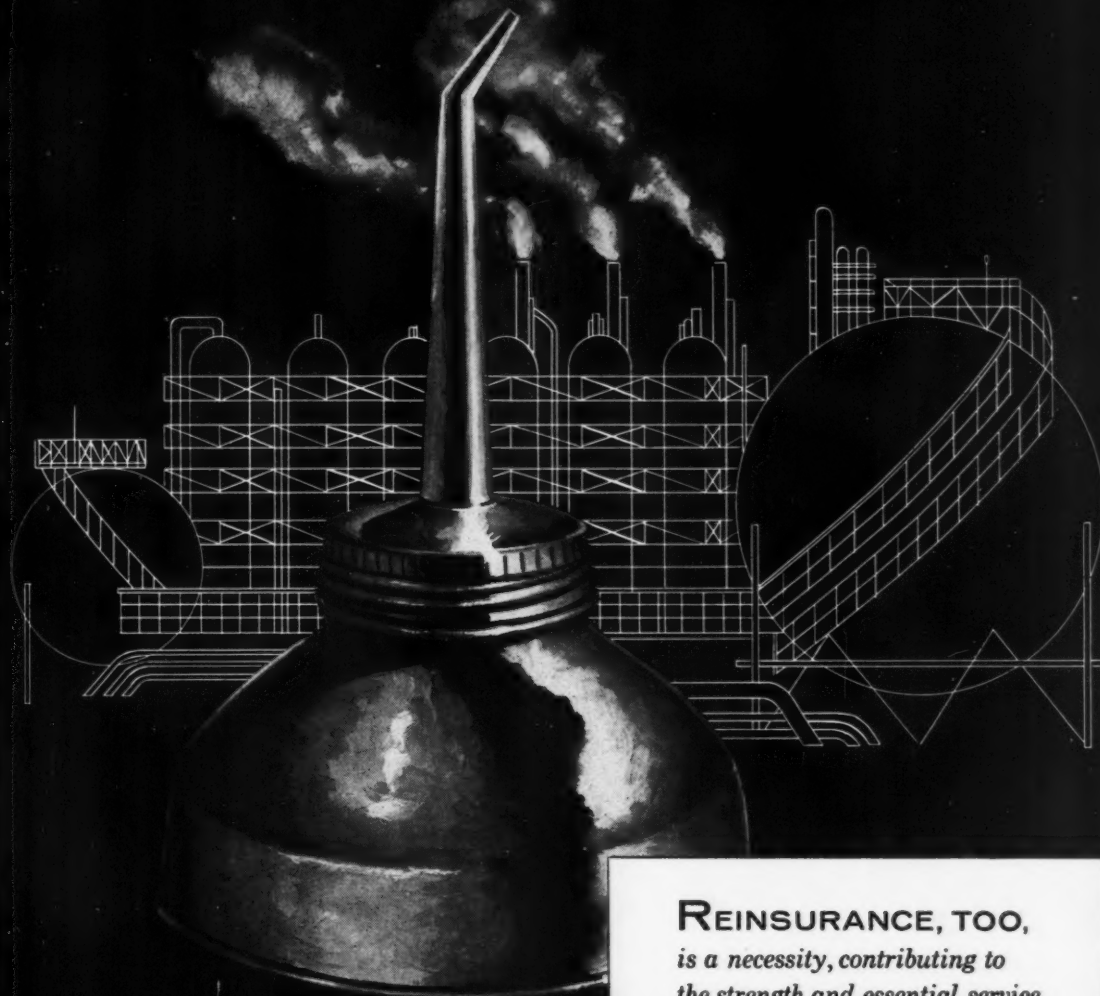


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**THURSDAY, OCTOBER 11, 1956**



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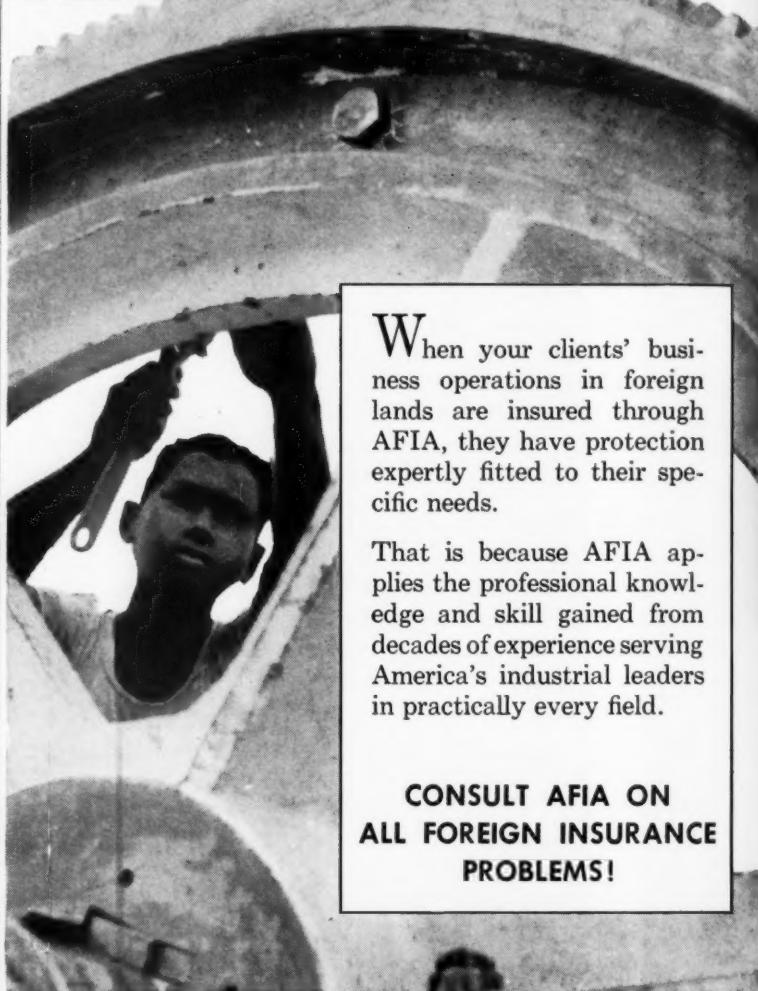
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## McKell Suggests Sliding Scale for Auto Commissions

### Cochran Tells Casualty Conference Neither UJF Nor Compulsory Will Work

Among the most pressing matters before the insurance business for solution are better control of motor vehicle drivers, realistic adjustment of commissions in the interests of both



J. E. Cochran



Wm. E. McKell

producer and buyer, and a reduction in company operating expenses. William E. McKell, president of American Surety, said in his address as president of National Assn. of Casualty & Surety Executives, at the joint meeting of that group with National Assn. of Casualty & Surety Agents at White Sulphur Springs, W. Va.

Neither compulsory nor an unsatisfied judgment fund law of the New Jersey type will create the results citizens of the various states want in this area, J. Edward Cochran of Hagerstown, Md., told the meeting in his

(CONTINUED ON PAGE 30)

## Casualty Executives Elect Harper; Agents Reelect All Officers

White Sulphur Springs, W. Va.—A relaxed, congenial atmosphere combined with ideal weather for golf took all the punch out of the problems confronting the casualty executives and agents meeting here this week. Business sessions of National Assn. of Casualty & Surety executives and National Assn. of Casualty & Surety agents were conducted most efficiently. Whatever weighty matters there were to be discussed were saved for the joint open session Wednesday morning.

The company men elected W. T. Harper, Maryland Casualty, as president to succeed W. E. McKell of American Surety. R. Z. Alexander, American Auto, was moved up to vice-president, and B. H. Mercer, Fidelity & Deposit, was named chairman of the executive committee. J. Dewey Dorsett is secretary-treasurer.

Officers of the agents' association were reelected, and they are: President, J. Edward Cochran, Hagerstown, Md.; vice-president, B. H. Paddock, Detroit, and secretary, Robert E. Stitt, Chicago. C. W. Olsen of Chicago was elected a vice-president. C. F. Harrington is executive vice-president of NACSA and Alice M. Foy, Joyce & Co., Chicago, is treasurer. New members of the executive committee are William Klinesmith, New Orleans; Chase Ridgely, Baltimore; Walter M. Sheldon, Chicago; Alexander Ellis, Boston, and Lewis R. Patton, Charlotte.

Two vacancies on the executive committee were created by the deaths of Wade Fetzer Sr. and Walter S. Halla, the latter at White Sulphur Springs last Thursday when Mr. Halla, of the Kelly-Halla-Peacock agency of Detroit, suffered a heart attack just after having completed a medical examination.

New members of the agents' executive committee are W. B. Berkeley of Cleveland and Edwin P. Simon of Chicago.

Resolutions adopted by the agents favored tax equality between stock and mutual insurers; reaffirmed opposition to both compulsory and UJF for automobile insurance, and offered support to the effort in Ohio to pass legislation allowing insurers to compete with the state workmen's compensation fund.

In his report as secretary, Mr. Stitt said the association now has 392 members.

Sports activities during the convention were plentiful and offered enough variety so that all of the 500 or so registrants could participate.

The Virginia Military institute glee club entertained at the banquet and were introduced by one of the distinguished alumni, Thomas E. Dew of Federal.

Five insurance commissioners were guests, Robert Taylor of Oregon, president of NAIC; Joseph A. Navarre of Michigan, NAIC vice-president; Lewis Miller of West Virginia; T. Nelson Parker of Virginia, and C. Lawrence Leggett of Missouri.

## Record Publicity Effort Sparks Fire Prevention Week

Fire Prevention Week got off to a blazing start this week with National Board distributing tons of promotional material to the public through every media of communication.

More than 20 million pieces of material had been sent out as of Oct. 8, the second day in the campaign. Almost 1.5 million of the distinctive life saver posters have been distributed along with six million replica stamps and six million children's lapel buttons in what is shaping up as the most intensive prevention program in history.

National Board has also sent out 2 million children's books on fire prevention, three million promotional pamphlets entitled, "The Careless Family" and five million home fire hazard check lists. In addition farm fire safety pamphlets have gone to another 350,000 families.

Every newspaper, radio and TV station in the country has received fact sheets and promotion kits together with pictures and news and feature stories, and National Board is filling requests for additional feature material from editors of industrial publications.

Also distributed without charge were film trailers for use on TV and in movie theaters. All of National Board's more than 30 films, of which there are an average of 65 prints each, have been booked throughout the week. Support for the campaign has grown steadily throughout the year, aided by newspapers across the country. The first Fire Prevention Week was proclaimed in 1919 by President Wilson.

## Bureau View of Auto Competition Rates, Compulsory

### Leslie Sees Need for Agents Companies Facing Problems of Competition Together

Rating of automobile insurance, competition in this field for business, and the new compulsory automobile law in New York were discussed by William Leslie, general manager of National Bureau of Casualty Underwriters, at the all-industry luncheon in San Francisco sponsored by Northern California CPCU chapter.

Mr. Leslie indicated that with modern methods and with close cooperation with National Automobile Underwriters Assn., the National Bureau is on top of the rating problem. He called attention to the rise of the so-called direct writers, the efforts of agency companies, some of them bureau members, to meet this competition with economy auto plans, and the marketing study of automobile insurance buying that is being conducted under the aegis of the bureau.

"We firmly believe that no solution will ever be reached except through joint consideration by producers and companies and that as a basis for such consideration no one should be afraid to be faced with the results of an independent fact finding survey," he declared.

Pointing out the big improvement administratively of the New York over the Massachusetts compulsory law, Mr. Leslie said he knows that "our fate respecting the handling of rates

(CONTINUED ON PAGE 28)

## Highlights of the Week's News

Commissioner Knowlton analyzes status of state vs federal regulation of insurance	Page 3
Herbert Snowden suggests salary deduction group for auto insurance	Page 18
Ohio agent tells how homeowners has affected his profits and sales	Page 15
Wisconsin agents oppose fictitious groups, compulsory and UM	Page 5
Program completed for Ohio association annual, October 15-17	Page 12
NAMIA is ready for 25th anniversary	Page 12
L. W. Niggeman named to succeed L. J. Haefner for Fireman's Fund	Page 9
Fourth Preferred Accident payment announced by Commissioner Holz	Page 9
Wisconsin agents oppose fictitious groups, compulsory and UM	Page 5
Contrary decisions reached by FTC in three A&S cases	Page 8
Illinois agents plan program to meet challenge of change	Page 8
Hubbard sees FTC extending authority over all insurance	Page 17
Pennsylvania agents' annual	Page 25
Package for small mercantiles filed by National Bureau	Page 16
Nevada agents elect P. D. McDermott; surplus line association meets	Page 16
Franklin General receiver finds firm in financial chaos	Page 4
Glen Falls group to become single insurer by December 31	Page 4

## Late News Bulletins . . .

### Graul Heads Pennsylvania Agents

Pennsylvania Assn. of Insurance Agents at its annual convention in Bedford elected William J. Graul of Allentown president, Paul J. Trimbur of Pittsburgh and A. S. Feinerman of Harrisburg vice-presidents, and George J. Margraff of Philadelphia, retiring president, state national director, and renamed C. M. Thumma of Harrisburg treasurer and Fank D. Moses secretary-manager.

In his report as president, George J. Margraff of Philadelphia called attention to some of the weaknesses in the state insurance laws and suggested that amendments are needed to prevent licensing of insurers owned or controlled by foreign governments, to prevent offering of free insurance as an inducement to the purchase of real or personal property, to require all insurers to file rates and forms with the department, and to require all companies, not just certain ones, to qualify their agents by examination. He urged the department to sponsor such legislation or support the business in attempting to enact these laws.

The Pennsylvania department has done a commendable job in helping return many hundreds of thousands of dollars to victims of overcharges by financed automobile insurers. However, he added, the department has been powerless to compel some companies to stop gouging the public because those companies do not come under the rate regulatory laws. They can charge whatever the traffic will bear.

He said conditions call for closer cooperation between insurers and agents. Many companies and National Board have geared their advertising to spotlighting the independent contractor and agents as the best qualified to market and service their product. He thinks agents should respond and gear their advertising to tie in with company ads.

Two leaders of the association were recognized in special resolutions, Aaron

(CONTINUED ON PAGE 36)



## St. Louis Paper Continues Attack on Ill. Department

Adds to List of Firms Who  
Paid Barrett for 'Legal  
Aid' to Obtain Licenses

The St. Louis *Post-Dispatch*, for the third week, continued its almost daily series of articles on the connection between George S. Barrett, Chicago attorney and former Illinois attorney-general and the Illinois insurance department.

Through examination of annual statements filed with the Illinois department and interviews with company officials, the *Post-Dispatch* has shown that the Barrett firm has received thousands of dollars "in legal fees from insurance companies, most of them out-of-state firms, seeking licenses to do business in Illinois."

Among the firms added to those which the paper said paid Barrett to handle their applications for licenses were Industrial Indemnity of San Francisco, American Security of Atlanta, Government Personnel Mutual Life of San Antonio, United of Chicago and Holland-America of Kansas City.

Charles V. Parham, secretary of American Security, told the *Post-Dispatch* that arrangements for hiring Barrett were made by Stanley B. Ashley, the company's executive vice-president, who called on Barrett in his Chicago law office. He said the deci-

sion to hire Barrett was made after there was some delay in getting the company's application approved and that Barrett had been recommended as the man to get by "several insurance men in other states." He added that "there was nothing unusual in engaging a local attorney to handle the matter after complications arose, but the significant thing in the Illinois matter was that it seems Barrett was the only man one was supposed to hire." Mr. Ashley said Barrett's fee "seemed steep," but that he supposed it was the "going rate" in Illinois. The arrangements were on a contingent basis, he added, with no money to be paid unless the license was forthcoming within a reasonable time. Barrett named no specific price, other than to say that "the fee would not be more than \$5,000," Ashley said.

Industrial Indemnity, which also paid \$5,000 to Barrett, refused to discuss any details of the matter.

Midwestern United Life of Fort Wayne, said it obtained its license in Illinois without paying Barrett, but only after hiring another lawyer. Phil Schwanz, president of Midwestern, said, "We have never paid any money under the table to get in any state, and we're not ever going to." Mr. Schwanz said his company waged a two-year campaign before it succeeded in getting an Illinois license. "We simply got no cooperation from the Illinois department," he said. "Our mail would go unanswered and there were other delays. It was common knowledge in insurance circles that Barrett was the man to see if the company wanted to get into Illinois. Barrett was not in when I called at his office and I talked to an associate. I asked if it was necessary to pay a fee to get into Illinois."

(CONTINUED ON PAGE 35)

## Battle for Control of Preferred Risk Mutual Settled

The long battle for control of Preferred Risk Mutual of Des Moines between former President Sam Morris and other officers of the company was settled last week when Mr. Morris dismissed his million dollar law suit against company officers and resigned from the board of directors. The company officers in turn dismissed a counter claim against Mr. Morris.

Terms of the settlement were approved by Federal Judge Riley and Commissioner Bennett of Iowa. Under terms of the settlement Mr. Morris, who was removed as president of the firm last May 7, is to receive \$23,865 as severance pay. The amount is equivalent to his salary from May 7 until Dec. 31, 1957. He also collected \$38,854 which represents his investment in Preferred Risk and his investment and profit in affiliated companies. Mr. Morris, widely known temperance lecturer, and his family resigned from the board of directors and agreed not to speak or write against the management or interfere with the company in any way. The Morris group also is not to allow their individual names to be used knowingly in any drives soliciting proxies for persons seeking election to the board of directors.

Mr. Morris was one of three persons who started the company in 1947. The others are J. J. Mallon, presently company secretary, and William N. Plymat, presently treasurer.

Mr. Bennett called the settlement "fair and equitable to the parties involved and to the policyholders. This agreement is in the public interest," he added. "The fight is over with. The company is in excellent condition and this settlement is in substantial conformity with the provisions of the state insurance department's directives. Commissioner Bennett said, "The company has shown sizable gains since the controversy broke out last spring." Preferred Risk has more than 150,000 policyholders in 15 states. It insures only non-drinking drivers.

The stormy conflict broke into the open last March 26 when Mr. Morris assailed his fellow officers for hiring what he called "drinkers" as company employees. Company officials conceded that 5 of the 250 employees of the company were not total abstainers, but pointed out that it was difficult in some areas to limit hiring completely to total abstainers. Mr. Morris also objected strenuously to the fact that he hadn't been drawing as much pay as Mr. Mallon and Mr. Plymat.

Mr. Morris also asked Commissioner Bennett for a ruling on the legality of subsidiary corporations which had been set up, some to handle company business in other states. Mr. Bennett ordered these agencies transferred to company ownership.

Russell E. Ostrus, a Des Moines attorney who was elected president to succeed Mr. Morris, will continue to head the company.

## Aetna Fire Appoints Colby Tex. Underwriter

Aetna Fire has appointed Wells Colby casualty underwriter at Corpus Christi, Tex. He will be associated with Earl C. Stevens, state agent, Harry R. Kennedy, special agent and Warren Williams, claims manager.

## Coffey's Program for A&H Underwriters Approved by Board

E. J. Coffey, president of International Assn. of A&H Underwriters,



E. J. Coffey

has announced his program for 1956-57. The plan, which was approved by the IAAHU board during its meeting at Chicago, is designed to boost membership to 15,000 and sets up the mechanism for closer cooperation with companies. It deals with public

relations, education, legislation and membership.

The public relations program includes talks by members to community groups, circulation to state and local associations of public relations material, a wide scope publicity program and direct cooperation with other trade associations.

The education program includes increased promotion of DITC, exchange of education material with other trade associations, encouragement of insurance studies in school programs and the backing of a strong agents qualification law.

In the legislative field, agents will be strongly organized for the promotion of worthwhile laws and the opposition of those which don't coincide with public interest.

Special emphasis will be put on recruitment of members from office and clerical personnel. As many as 6,000 such persons could be added to the membership in the near future. Mr. Coffey said other aims include better monthly meetings of local associations and the revitalization of the speakers bureau, a service conducted by the international for local organizations. Awards will be given for membership percentage and attendance at monthly meetings. Companies are asked to schedule sales meetings so as to precede association meetings and thereby tie in with them.

Mr. Coffey, the quiet spoken president of the international association, is determined that the organization will gain stature this year and take its place as a leader in the A&S field. If his business record is any criterion, he could well accomplish his purpose.

As general agent for Mutual Benefit H&A at Portland, Mr. Coffey supervises Oregon, Washington, 20 counties in Idaho, and Alaska. He served for two years as president of the Oregon Assn. of A&H Underwriters, and last year was a vice-president of the international association, having also been active as public relations chairman and zone chairman he has been with the Coffey agency since 1939. Associated originally with his late brother, Harry, as general manager and taking over as general agent in 1954, when Harry Coffey died in an airplane accident.

Mr. Coffey did not aspire to the presidency of the international association, but now he has been prevailed upon to give up a year of business activity to it. He is laying groundwork designed to make it live up to its potentialities. For years, the

(CONTINUED ON PAGE 36)

## ILLINOIS MUTUAL CASUALTY COMPANY'S

### OUR POLICIES

Loss of Time  
Accident and  
Sickness  
•  
Hospital Medical  
and Surgical  
•  
Non-Cancellable  
and Guaranteed  
Renewable to Age  
65 Accident and  
Sickness  
•  
Major Medical  
•  
Cancer and Specific  
Disease Expense  
•  
Franchise Group  
and Key-man  
Loss of Time Plans

### MAJOR MEDICAL EXPENSE POLICY

FOR INDIVIDUALS AND  
FAMILY GROUPS

THREE PLANS AVAILABLE...  
The Modern Low Premium  
Way to Insure Against Cata-  
strophic Medical Expense

### POLICY FEATURES

- ★ NO CO-INSURANCE CLAUSE
- ★ DEDUCTIBLE APPLIES ONLY ONCE UNDER 3 SPECIFIED CONDITIONS
- ★ PAYS FOR COVERED MEDICAL EXPENSE IN OR OUT OF THE HOSPITAL

Your Clients NEED this  
Catastrophic Protection  
When Disaster Strikes!

Desirable Agency  
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Following:

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Accident and Sick-  
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"Dependable Accident, Sickness, and Hospital Insurance Since 1910"



## Knowlton Analyzes Status of State vs Federal Regulation of Insurance

Commissioner Donald Knowlton of New Hampshire, in a recent address before Insurance Federation of Minnesota, presented a thoughtful and comprehensive review of the status of state regulation of insurance, particularly as it is effected by the Federal Trade Commission. He cautioned those who sometimes become discouraged with state regulation that the imposition of federal supervision on top of what exists would produce infinitely more discouragement.

In spite of what National Assn. of Insurance Commissioners and the states have done to bolster state supervision, Mr. Knowlton said, there is evidence of increasing activity on the part of the federal government involving some measure of supervision in various fields. Among these are:

1. The prosecution of certain insurance companies by the Federal Trade Commission alleging false and misleading advertising, and the adoption by the commission of rules regulating advertising.

2. The attempt of the Interstate Commerce Commission to adopt regulations with reference to the approval of insurance companies furnishing coverage on interstate carriers which contained provisions giving the commission some measure of supervision over such companies.

3. Proposed legislation in Congress supervising the administration of uninsured pension funds and union welfare funds.

4. The proposal by the Labor Department of a model workmen's compensation law.

5. The recent attempt by Senator O'Mahoney to introduce in the Senate a bill to amend the anti-merger provisions of the Clayton act. This bill would have required life companies making investments that involve no possible aspect of merger or lessening of competition, to notify the Department of Justice and the FTC 90 days before making the investment. Such investments would have included purchases of preferred stock, corporate, state, or municipal bonds from a bank or broker, purchase and lease-back arrangements, exercise of conversion privileges, bulk purchases of mortgages, and acquisition of corporate property through mortgage foreclosures. Imagine the effect of being required to wait 90 days before the completion of such transactions with the prospect of being told that they might violate some federal statute!

The action of the FTC is the most serious threat to exclusive supervision over insurance by the states because it raises the question of the interpretation of the McCarran act and the effect of the passage of state regulatory laws, which will undoubtedly result in a decision of the Supreme Court. Such a decision or decisions will have a more important effect on the future of insurance than anything that has happened since the decision in the SEUA case. While as a lawyer I would like to see the interesting questions which are raised by the cases pending before the commission decided, I cannot help but regret the manner in which this matter was handled by the FTC. In my references to the FTC, I refer to the commission as a body, not forgetting that there are two members, Chairman Gwyne and Commissioner Mason, who have opposed the major-

ity. In my opinion, the federal statute which authorized FTC to deal with unfair trade practices was intended to empower it to prevent such practices. After declaring that unfair methods of competition and unfair and deceptive acts or practices in commerce are unlawful, the statute provides that FTC is empowered and directed to prevent persons, partnerships, or corpo-

rations from using unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce. In other words, Congress has directed the FTC to prevent a continuation of such practices as it may find exist rather than punish the culprits for past practices. A review of the proceedings by the FTC indicates that it has had complete cooperation from the industry and the commissioners in its efforts to stop the unfair practices of a few. The only exception has been the question of the jurisdiction of FTC, which the industry and the commis-

sioners were compelled to contest in view of the provisions of the McCarran act.

Many companies submitted their advertising to the FTC during the period of its investigations and agreed to comply with recommendations of the commission. In spite of this, they were prosecuted. Since the adoption of the unfair trade practice rules by the FTC, many of the prosecuted companies have agreed to abide by these rules. In spite of this, FTC has refused to suspend prosecution of pending cases. In other

(CONTINUED ON PAGE 26)



Showing  
flammability of  
conventional  
hydraulic oil



Photo shows how  
Shell Iru Fluid 902  
resists flame  
from torch

## Flame tests prove its fire-snuffing ability

**SHELL  
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**Entirely new formula:** Shell Iru Fluid 902 is a special formulation . . . product of three years' development and field testing. It is suitable for nearly all industrial hydraulic systems, as a direct replacement for presently used oils. *Here is a fire-resistant hydraulic fluid that can be widely used.*

**Non-corrosive:** Shell Iru Fluid 902 contains no corrosive ingredients. It has no harmful effects on seals, fittings or bearings. It does not promote rust.

**No major modification necessary . . .** simply clean present fluid thoroughly out of system and replace directly with Shell Iru Fluid 902. You can use it with complete confidence. Write for test data and all information.

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## Franklin General Receiver Finds Firm in Financial Chaos

INDIANAPOLIS—The receiver for Franklin General of Indianapolis stated this week that the company has 1,900 claims that are settled but not paid, 250 to 400 lawsuits pending, and \$1 million insurance in force with no reserves to back it up.

Thomas Mahaffey Jr., local agent, was named receiver for the firm last week after a \$1,300 judgment against the firm had been obtained. Mr. Mahaffey has an auditor checking into the books, which he finds had not been closed for August. There are payroll checks dating back to August which have been returned, marked "insufficient funds."

Persons close to the situation predict that Franklin General's subsidiary, Firemens and Mechanics will also be placed in receivership with Mr. Mahaffey as receiver at a hearing later this week. Joseph B. Kyle, president

of the company, has admitted it is "currently insolvent" and unable to pay claims and general bills.

Both Franklin General and Firemens and Mechanics are "special charter" companies whose state charters pre-date 1851 and put them beyond the regulatory powers of the Indiana department.

No Franklin General policies have been accepted since the firm was placed in receivership on Oct. 1.

### Insurers Will Pay \$500,000 Plus on Fire Brick Plant

The fire which destroyed the main production unit of the M. D. Valentine Fire Brick Co. in Woodbridge, N. J., will cost insurers more than \$500,000 on building and machinery. The company carried a total of \$1,250,000 on the building and machinery. In addition, there is \$550,000 of U&O.

More than 250 firemen fought the fire, which broke out early Sunday morning. The plant had been in operation since 1865.

## Glens Falls Group To Become Single Insurer by Dec. 31

At a special meeting Nov. 16 stockholders of Glens Falls group will be asked to approve a proposal to authorize insurance of 650,000 additional shares of capital stock, merge the three companies of the group, Glens Falls, Glens Falls Indemnity and Commerce, into the Glens Falls Ins. Co., and to liquidate Glens Falls Corp., whose pre-

through the consolidation of statistical, accounting and reporting procedures as well as the elimination of certain charges imposed by states in which the group does business. These mergers will also enable the company to present a more understandable financial report to agents, stockholders and employees.

Management has recognized for some time the possibility of such a consolidation and that substantial benefits would result from such a move. Recent changes in insurance laws and practices now make feasible consolidation of all insurance operations in Glens Falls as of Dec. 31. In preparation for this action, management has already integrated its business methods and operating personnel into a force which is providing complete fire and casualty service to policyholders and agents. Commerce and Glens Falls Indemnity have withdrawn as primary insurers in all states and all agents now represent Glens Falls.

The transactions have the informal approval of the New York department and U. S. Treasury has ruled substantially to the effect that no gain or loss will be realized to the companies or stockholders as a result of the plan.



GEORGE D. MEAD

mium financing operations will be taken over by the newly formed Glenway Corp., a wholly owned subsidiary.

If approved, stockholders of Glens Falls of record Dec. 31, will receive one additional share of stock of that company for each share now held in exchange for their beneficial interest in Glens Falls Corp. Adoption of this proposal will increase the authorized and issued capital stock to 1,300,000 shares with a par value of \$5.

President George D. Mead said management is convinced there will be significant reductions in operating costs

## Mutual Conference to Hold NAMIA Sessions

Conference of Mutual Casualty Companies will sponsor several activities during the annual convention of National Assn. of Mutual Insurance Companies at Cincinnati, Oct. 14-17.

On Monday members will hear Thomas T. Oyler, vice-president and secretary Kroger Co., on "The Need for Better Management Personnel," and Herbert E. Evans, vice-president Peoples Broadcasting Co., on "The Need for Better Training of Personnel." A meeting of the conference governing committee will follow.

The annual meeting of the conference will be held Tuesday afternoon.

People who get around a bit  
*need this all-risks protection*



**F**EW POSSESSIONS are more prized—or more costly to replace—than jewelry and furs. Better make sure (right now!) that your clients and prospects are reminded about the favorably low rates at which the Jewelry-Fur Floater is written.

Too, that any new items are scheduled, so clients will have the full protection they need. It's too late to do this when uninsured jewelry can't be found or a stolen fur can't be recovered.

While you're about it, suggest

that a Grain Dealers Personal Articles Floater be written to cover not only jewelry and furs but other valuables as well. Or, show how the all-risks forms can be used to round out coverage under the residence packages—at *worthwhile premium savings.*

P.S. Grain Dealers' inland marine facilities provide the range, capacity, and service you can use to advantage. Talk to our special agents or write the company for full information.

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and, of course, for other professions, too. Call A. F. Shaw & Co. today for extra special service on your Errors & Omissions cases!

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## Wis. Agents Oppose Fictitious Groups, Compulsory and UM

Wisconsin Assn. of Insurance Agents, at its closing session in Milwaukee last week, went on record as opposing any form of group insurance involving discounts based upon trade associations and other artificial factors not connected with ownership or control of the risk, opposing compulsory insurance and likewise opposing unsatisfied judgment funds as an alternative. Instead, the Wisconsin agents aligned themselves with National Assn. of Insurance Agents policy and asked their companies, preferably by concerted action, but individually if necessary, to make uninsured motorist coverage available as quickly and as universally as possible.



Arthur R. Moss

Newly-elected officers of the association are President Arthur R. Moss of Beloit, who succeeds John J. Batenburg of Racine; Vice-President Robert D. Buttenhoff of Eau Claire, and Secretary-Treasurer J. W. S. Gallagher of Madison.

Many of the sentiments in the resolutions were echoed in the report of G. A. Timm of Kenosha, state national director. Mr. Timm, who got a rousing round of applause in recognition of his appointment as chairman of NAIA's property insurance committee, devoted considerable of his talk to explaining the background of compulsory insurance and the alternatives, such as unsatisfied judgment funds and uninsured motorist coverage. He said that he personally does not think uninsured motorist cover is the permanent answer to the problem, but it does seem like the best stop-gap at the present. "The automobile situation continues to be serious both competitively and legislatively," he said. "The passage of compulsory in New York has given rise to a feeling that passage of similar laws throughout the various states is inevitable."

Mr. Timm pointed out that in July, Assn. of Casualty & Surety Companies came out in favor of the UJ fund as an alternative to compulsory. "This statement was made at a time when NAIA was requesting companies to provide and file the UM en-

dorsement. As a result, NAIA passed a resolution opposing all forms of legislation compelling the purchase of auto liability insurance and called upon companies to provide UM. Having met with no success from a national level," he said, "we must approach the problem of obtaining the UM endorsement from the 'grass roots' level, which means that all agents should and must in some way impress upon the companies they represent, that there should be no further delay in affording this protection to the insured auto

owner."

Mr. Timm said that should companies refuse to act collectively on the matter, agents must recommend independent action. "Should such independent filing be made," he said, "many agents will find it necessary to make difficult decisions concerning continued loyalty and support of the companies they have long represented."

He expressed confidence that companies would make the UM endorsement available and urged agents to

"demonstrate the effectiveness of a 'grass root' approach to oppose unwise and support good insurance legislation during the next legislative year."

He summarized the competitive picture during the past year as "a slam-bang-no-quarters-asked battle for leadership in the auto insurance business by two direct writers using immense funds for advertising and very attractive rates."

He said that for quite some time the

(CONTINUED ON PAGE 32)

**613 YEARS OF SERVICE**

## Old companies like old friends wear well

The Agents of these Companies share with us pride in the fact that five of the Companies under Crum & Forster management are now in their second century.

THE NORTH RIVER INSURANCE CO. . . . .	Organized 1822 . . . . .	134 Years
UNITED STATES FIRE INSURANCE CO. . . . .	Organized 1824 . . . . .	132 Years
THE BRITISH AMERICA ASSURANCE CO. . . . .	Incorporated 1833 . . . . .	123 Years
WESTCHESTER FIRE INSURANCE CO. . . . .	Organized 1837 . . . . .	119 Years
THE WESTERN ASSURANCE COMPANY . . . . .	Incorporated 1851 . . . . .	105 Years
		<b>613 Years</b>

Over a collective period of six centuries, these Companies have survived the trials of peace and war, prosperity and depression, inflation and deflation — and have profited by the experience. They have kept faith with Agents and Policyholders, mindful of the trust and confidence reposed in them. They are old in years but young in spirit and they have kept abreast of changing times and conditions, always adhering to sound underwriting principles. With each passing year, we have an increasing appreciation of the contribution which our Agents have made to the good name and reputation of the Companies.

### Casualty Underwriting Manager

Chicago organization, nationally known, established 50 years unquestionable reputation. Position involves managing established department, with some servicing existing accounts. Age to 40, college mandatory, personal qualifications important. To qualify: Must have minimum of 8 years all Casualty lines, company underwriting experience with minimum 3 years on supervisory level. Starting salary, \$10,000. Employer pays fee and moving expenses. We guarantee confidential handling all inquiries.

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330 S. Wells Street Chicago 6, Ill.  
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Business Broker for Insurance Agencies



## CRUM & FORSTER GROUP

OF MULTIPLE LINE STOCK COMPANIES



UNITED STATES FIRE INSURANCE CO. . . . .	Organized 1824	THE WESTERN ASSURANCE CO., U. S. Branch . . . . .	Incorporated 1851
THE NORTH RIVER INSURANCE CO. . . . .	Organized 1822	THE BRITISH AMERICA ASSURANCE CO., U. S. Branch	Incorporated 1833
WESTCHESTER FIRE INSURANCE CO. . . . .	Organized 1837	SOUTHERN FIRE INSURANCE CO., Durham, N. C. . . . .	Incorporated 1923

**NEW YORK OFFICE: 110 WILLIAM STREET**  
NEW YORK 38, NEW YORK

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## Highway Route Shift Clears Way for Wing on Aetna Home Office

Aetna Life has applied to the Hartford building department for permission to construct a \$4 million addition to its home office at 151 Farmington.

Way was cleared for the addition by the state highway department's decision to relocate the route for the proposed east-west highway. It was planned originally to construct the

highway through the rear of Aetna's property, but new plans calls for a route further south that would not touch company land. Aetna's plans, announced in 1951, have been held up by the original highway proposal.

Aetna would build a wing connected to the south wall of the home office. The addition would face Sigourney street and be 175 feet long and 125 feet wide. Six stores, a basement and sub-basement would contain facilities for 750 employees. Steel frame and concrete slab construction would match

the Georgian colonial architecture of the present building. The municipal building department has been studying the plans to see if they conform with the building code.

Contractor will be George A. Fuller Construction Co., which recently completed an addition to the Travelers home office. The Aetna job is expected to take about 18 months.

President William S. Beers said excavation is expected to begin "at almost anytime." The addition is being built to catch up with great needs for more space.

## WC Rates Rise .8% in N. C., Group Plan Is Permitted

Commissioner Gold of North Carolina has approved workmen's compensation rate changes proposed by the Compensation Rating & Inspection Bureau of North Carolina and informed Casualty Reciprocal Exchange of Kansas City that its controversial WC savings classification plan for lumber and building supply dealers is permitted in the state.

The rate changes, effective Oct. 1, increase contracting classes 1.9%, decrease manufacturing classes 1.6% and decrease all other classes 2.3%, for an all over-all average increase of .8%. In addition, rates on longshoremen and harbor workers were increased 34.4% because of the additional benefits voted by Congress. The proposals were approved as submitted by the bureau.

Agents associations had opposed the reciprocal program, which was worked out with the Carolinas Building Supply Assn. Stock agents questioned its uniformity and whether higher standards would be required of participants. Mutual agents contended it violated existing statutes and should be sent to the bureau for consideration. Mr. Gold ruled that the proposal is within the authority of the statute.

## Kemper Companies Put CPL Policy in Booklet Form

A new, easy-to-read comprehensive personal liability policy in booklet form has been introduced by Lumbermen Mutual Casualty and American Motorists.

The booklet form eliminates the folding and unfolding required with the former policy. It provides a simple index of provisions to enable policyholders to find information without reading through the entire policy. Special typography also has been employed to increase readability. Wording of the policy is identical with the standard provisions used by major companies writing CPL insurance. Physical damage to property coverage has been included in the policy, thus eliminating the need of a separate endorsement.

To activate the policy, the agent merely has to complete and attach a declarations page which states who and what is insured and for how much. The declarations page is a pre-carboned, snapout set with line and expiration cards included.

## Brewster to Retire as V-P of Aetna Life Group

J. H. Brewster Jr. will retire Dec. 31 as vice-president and treasurer of Aetna Life group. M. B. Brainard Jr., vice-president and assistant treasurer, will succeed Mr. Brewster as treasurer.

Mr. Brewster started in the banking business and was a partner in Rhodes & Co. of New York when he was appointed vice-president of the group in 1925.

## Meistrell to Speak on Oct. 18

Frank Meistrell, administrator of the federal flood indemnity program, will address the U. S. Chamber of Commerce insurance committee in Washington, D. C., on Oct. 18 instead of Oct. 1, as incorrectly reported in the Sept. 27 issue.

Liberty Mutual has appointed William R. Newton manager of business risks and Parker M. Morrell director of business lines sales. Mr. Newton started with the company in Chicago in 1924, Mr. Morrell in New York in 1935.

the  
Glens Falls  
has  
always  
supported  
the  
American  
Agency System

"Old and Tried" Organized 1849

*Glens Falls*

INSURANCE COMPANY  
Glens Falls, N. Y.

# Extra!

Something extra! That is what you get when you buy your insurance through a local agent. He will, because of his specialized professional knowledge and experience, see that your insurance protection guards you against the proper hazards and in the proper amount. When a loss or claim occurs, it will be his personalized service which will bring you peace of mind and knowledge that your premium dollar has been well spent.



No one can successfully take the place of a competent and experienced insurance agent.

## Glens Falls Insurance Board

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Cool Insuring Agency, Inc.  
Carson-Duffy, Inc.  
Proller Agency, Inc.  
E. Leo Spain  
W. Joseph McPhillips  
Barber and Howe  
Nolan Agency, Inc.  
Loomis Agency, Inc.  
K. C. Abbott and Co., Inc.  
Michael C. Linehan  
John Derby  
Van Dyke Insuring Agency  
Elizabeth J. Cooney  
Basil Durkee



The advice and services of these insurance agents are as close to you as your telephone.

## Newspaper Mats at below cost...

In the interests of the American Agency System, mats of the newspaper advertisement shown are offered in two- and three-column sizes at below cost — \$1.50 for either size. The mats are arranged to accommodate the signature of an agent, local insurance board or association, and portray the place of the local agent in his community.





## Deny Law Violators Use of Highways in N. Y.: Flanagin

Prevention of New York traffic accidents can be accomplished only by denying law violators and irresponsible drivers the use of the highways, N. C. Flanagin, executive vice-president of Lumbermen's Mutual Casualty, told a meeting of eastern district managers of Kemper group in New York.

The privilege of operating a motor vehicle should be granted only to those who are qualified and should be denied those who refuse to accept the responsibilities that accompany the privilege, Mr. Flanagin declared. The compulsory law attacks only part of the problem. While it assures some degree of responsibility on the part of motorists, it does not prevent accidents, he said.

He suggested periodic driver licensing tests on traffic rules and regulations and driving ability, including medical and psychological examinations in certain cases. He also called for strict licensing and zealous enforcement of the existing traffic violation point system, and cited a company survey that showed traffic violations to be involved in 88% of all fatal accidents.

## Pa. Warns Insurers Against Improper ML

Commissioner Smith of Pennsylvania has issued a notice to all insurers doing a fire business in the state that some of them have, on occasion, provided coverage under multiple location forms to classes of risks ineligible under existing rules.

Multiple location form rules limit coverage to property at locations where insured has an insurable interest, the notice stated. Policies arranged in any manner to cover other locations for the purpose of obtaining credits permitted under the rules constitute a violation.

He directed immediate discontinuance of practices in violation of the rules.

## Mass. Compulsory Auto Rate Hearing Oct. 25

Commissioner Humphreys of Massachusetts has scheduled a public hearing Oct. 25 on his proposal to allow a 50 cent over-all increase in 1957 compulsory rates. The commissioner asserts the increase is necessary to offset repeal of the demerit rating plan and its accompanying revenue of \$6 per penalty point. Insurers have asked a 22% increase and have indicated they will appeal to the courts if the increase is 50 cents.

## Overman Tells CPCU Goals

Edwin S. Overman, assistant dean of American Institute, discussed the increasing number of those completing CPCU requirements at a meeting of San Antonio Insurance Exchange.

Mr. Overman spoke of the development of adult education since the war

and stressed the importance of professional training for a professional service. He emphasized that CPCU work is not training but education and is intended to develop in insurance men and women the ability to think.

## Lindquist Joins United Air Lines

Gerald E. Lindquist has been named to the new post of group benefits actuarial manager for United Air Lines. Mr. Lindquist formerly was with Carl A. Tiffany Co. of Chicago, an insurance programs general consultant. He will be responsible for the administration of United's various group benefit plans.

## Lepper Takes Over Production of Aetna Fire in New England

Aetna Fire group has appointed secretary William T. Lepper to the New England department in association with Secretary Robert C. Bielaski.

Mr. Lepper will be in charge of multiple line operations and production of all lines in the New England department. He started with the company in 1914 as a mail clerk, entered the fire loss department in 1917 and

became adjuster for the fire companies in Connecticut and western Massachusetts in 1929. He was state agent for Vermont, New Hampshire and Connecticut, before being made general agent in the home office automobile department in 1940. In 1954 he headed the special catastrophe unit which was established to process losses in three hurricanes.

Stewart E. Wentworth & Associates, adjusters at Rock Island, Ill., have moved to new offices at 1516 Fourth avenue.

What  
if you  
paid for  
STERLING  
and  
got  
something else

By the same token, you don't want to pay for Safety PLATE Glass and get Safety Sheet. Safety Plate is ground and polished to be distortion-free. Safety Sheet is not.

Protect your policyholder (and get your money's worth) when he has a broken car window replaced. Tell him to specify the same brand and quality of Safety Glass that's in his other windows.

P.S. Send for a supply of handy forms for glass replacement orders. Ask for SG-40. Write to Libbey-Owens-Ford Glass Company, 608 Madison Avenue, Toledo 3, Ohio. For further information, call your local L-O-F Distributor or Dealer (listed under "Glass" in phone books).

## THE OLDEST INSURANCE COMPANY IN THE WORLD



55 FIFTH AVE., NEW YORK



SAFETY  PLATE

LIBBEY • OWENS • FORD a Great Name in Glass



## Contrary Decisions Reached by FTC in Three A&S Cases

WASHINGTON—Dismissal of false A&S advertising charges against American Life & Accident of St. Louis has been ordered by Examiner Cox of Federal Trade Commission.

However, Examiner Hier has issued orders prohibiting Educators Mutual and Minnesota Commercial Men's Assn. from using advertising in A&S sales which FTC cited as false.

Also, in the hearings on Minnesota Commercial Men's, FTC points out that an attorney for the Minnesota insurance department testified he had examined the advertising and found none of it false, misleading or deceptive. On this FTC comments that it "is in no way bound by the opinions or actions of other regulatory bodies or officials—it is autonomous, and bound by statute to reach its own conclusions."

Examiner Cox said American L. & A. had shown its good faith by discontinuing the misrepresentations

charged. It states it will not resume the advertising and will make any change in future advertising recommended by FTC. The examiner said resumption of the discontinued practices cannot reasonably be anticipated, and the course of conduct by the company leads to the conclusion that everything that could be accomplished by a cease and desist order already has been accomplished.

But in the Educators Mutual case, Examiner Hier asked how can the public be assured the advertising complained of will not be resumed in such a competitive industry—and answered, by the compulsion and permanency of an order.

Minnesota Commercial Men's argued that it has signed and complied with the FTC mail order trade practice rules. But the examiner denied this defense on the grounds that those rules are advisory and do not have the force of law. Non-compliance does not necessarily constitute law violation, he said. Compliance constitutes, per se, no defense to law violation.

Cincinnati Assn. of Insurance Women had an open house at the Sheraton-Gibson hotel to begin their annual membership drive.

## Ill. Agents Plan Program to Meet Challenge of Change

A program blending extensive participation by agents who are on the selling line with the appearance of national insurance personalities is attracting a record advance registration for the annual meeting of Illinois Assn. of Insurance Agents, Oct. 28-30 at the Leland hotel, Springfield.

Under the theme "Meet the Challenge of Change," speakers and panelists will explore possible solutions to problems generated by insurance innovations, according to President Joseph W. Prola of Springfield. The program also will feature two skits and a ladies' agenda. Peter W. McCue Jr. of Springfield is general convention chairman.

A "Local Board Workshop," featuring Stuart W. Doty, local agent at Grand Ledge, Mich., is scheduled for Sunday afternoon. Selected speakers from Illinois local boards will discuss the handling of public business, advertising and novel public relations methods.

Monday's agenda opens with the business session, and the luncheon will be addressed by Ernest R. Rosse, nationally reputed raconteur.

That afternoon Springfield Assn. of Insurance Women will present a comedy skit, "The Boss' Nightmare"; Harold K. Philips, manager of the public relations department of Assn. of Casualty & Surety Companies, will talk on "Public Relations—Main Street Style," and two top insurance lawyers, John H. Smalley of McKinney, Carlson, Leaton & Smalley, Chicago, and Richard Arronow, legal counsel of the Continental companies, will discuss "Continuation of Agencies" and "Taxation."

The Tuesday session will begin with a farm agents' breakfast, guided by Gail Ranson of Jacksonville, chairman of the association's farm committee, and K. S. Ogilvie, secretary of Farm Underwriters Assn. Hail coverage, survey rating plan, selling farm coverages and appraisals will be covered by Thomas Kirkpatrick of Greene Management Service, Peoria, and three western department farm superintendents, Dwight Alverson of American of Newark, D. O. Stackhouse of Crum & Forster and Martin E. Aegerter of Home.

A highlight that day will be a panel discussion by agents for agents captioned "Production Pointers from Producers." L. W. Zonsius Jr. will moderate discussion of most of the insurance lines under such novel titles as proper use of the tools at hand, automobiles are here to stay, liabilities are an asset, making crime pay, anyone for homeowners and compensating compensation. Participants include John Wade of Fairbury, Robert Stafford of Mendota, James Unland of Pekin and Wendell Cleaver, James Hawk and Jack Gift, all of Peoria.

Other Tuesday features include a skit produced by members of Illinois Fire Underwriters Assn. entitled "Death of an Insurance Agent," and a discussion of every facet of compulsory auto insurance and alternate proposals for solving the uninsured motorist problem by R. Newell Lusby, secretary of America Fore; Frank Miley of Chicago, chairman of the association's automobile committee; Harry Parrish of Paris, Terry Burns of Peoria and

Elmo Johnson of Chicago, all agents. "As 'Scene' from Washington" will be the topic of Maurice G. Herndon, Washington representative of NAIA, who will talk about flood insurance and other subjects.

The distaff program includes a demonstration on the art of gift wrapping, a visit to the Franklin Life home office to view the Univac "human brain" in operation, a book review and other events.

## Md. Committee to Study Compensation Law Changes

Gov. McKeldin of Maryland has named a five-man committee to study industrial accident commission and recommend new legislation to the general assembly in January.

Maryland WC laws have not been changed in many years and recently have caused a heavy load of hearings in compensation disputes. The committee consists of Albert Menchline, attorney and former member of the commission, Robert E. Goughlin Jr., Baltimore attorney representing insurers, Theodore C. Walters, representing self insurers, Maurice J. Pressmen, representing claimants, and Charles A. Della, former CIO executive, representing labor.

## W. Va. Mutual Agents Elect Gray President

West Virginia Assn. of Mutual Insurance Agents has elected Bryan F. Gray of Clarksburg president, Harry J. Pellegrini of Huntington and Billy L. Henderson of Hurricane vice-presidents and Robert D. Hampton of Clarksburg secretary.

New directors named at the annual meeting in Charleston were C. Dayton King of Weirton, Charles W. Green of Martinsburg, Walter E. Van Horn of Clarksburg, Robert H. Weber of Charleston and Owen L. Suttle of East Rainelle.

## Murphy to Address N. Y. General Brokers Dinner

Ray Murphy, general counsel of Assn. of Casualty & Surety Companies, will be the principal speaker at the annual dinner of General Insurance Brokers Assn. of New York Oct. 23.

The dinner will also feature the presentation of the brokers gold medal award for rendering the most meritorious service in the insurance business to Manning W. Heard, vice-president and general counsel of Hartford Accident and chairman of American Insurance Assn.

## Tex. Advisors of Factory Mutuals to Meet Oct. 19

The Texas advisory committee of Associated Factory Mutuals will meet at the Robert Driscoll hotel, Corpus Christi, Oct. 19. Guest speakers will include R. D. Culver, president of Industrial Mutual, and George Wahl, general manager of Factory Mutual engineering division.

## Stehr to Milwaukee Agency

Donald L. Stehr, who has been with North America at Philadelphia and Cleveland and with American Auto at Milwaukee, has joined the Fish & Schulkamp general agency of Madison as sales executive. Fish & Schulkamp is beginning its 50th year in business.

## Eugene-Lane Agents Elect

George Pratt has been elected president of the Eugene-Lane County (Wash.) Assn. of Insurance Agents, succeeding Hobart Wilson. Also elected were: B. I. Claska, vice-president; William F. Rau, secretary, and Robert M. Hodgins, treasurer.

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to sell profitable surety bonds with the "SIMPLIFIER" — Peerless' exclusive method of handling bonds that cuts all the red tape! And for a sure-fire way to sell more insurance to present accounts and new prospects, there's also the unique Peerless "ORGANIZER" for Fire, Casualty and Bonding protection. The Peerless selling aids are effective because they leave nothing to chance... nothing to memory. Write for all the details today!



**PEERLESS**  
*Insurance Company*

KEENE, NEW HAMPSHIRE



## Niggeman Named to Succeed Haefner for Fireman's Fund

Leslie J. Haefner, vice-president in charge of marine operations for Fireman's Fund group, will retire at the end of the year after 50 years of ice with the continuous serv-pany. He will continue with the group in an advisory capacity for the remainder of the year.



Leslie J. Haefner

L. W. Niggeman, vice-president, has been named to succeed Mr. Haefner, and Woodward Melone, resident vice-president, has been appointed manager of the Pacific department. In addition to his new responsibilities, Mr. Niggeman will continue to have senior executive supervision over the Pacific, Pacific Northwest and Southern California departments.

Mr. Haefner joined Fireman's Fund in San Francisco in 1906, was elected assistant marine secretary in 1929 and

in 1935. After military service from 1940 to 1946, he rejoined Fireman's Fund and was elected assistant marine secretary in 1948 and marine secretary in 1950. He succeeded Mr. Niggeman as manager of the Atlantic marine department in 1953, was appointed resident vice-president in 1956, and transferred to San Francisco later in the year.

## Surety Underwriters of So. Cal. Meet at Los Angeles

Surety Underwriters Assn. of Southern California at its first fall meeting in Los Angeles discussed developments in bonding changes on FHA loans, escrow and other bonds now under consideration with the California corporation commissioner and various rate situations which have developed through the summer.

## Slate Kapp at Youngstown

Speaker at the Oct. 9 meeting of Youngstown Assn. of Insurance Agents will be Ray Kapp, special agent of Phoenix of Hartford, who will discuss "Short Cuts to Good Agency Management."

## Fourth Preferred Accident Payment Announced by Holz

Superintendent Leffert Holz of New York, liquidator of Preferred Accident, has announced an additional dividend of 15% will be paid, probably during the last quarter of 1956, to all creditors whose claims have been allowed.

This is the fourth dividend since the company was taken over for liquidation April 30, 1951, and makes a total of 85% on allowed claims to date. Mr. Holz hopes that a fifth dividend will be paid before the proceeding is closed.

The latest dividend will amount to \$863,373 and will bring the total dividend payments to \$4,892,447. In addition to dividend payments, a total of \$517,910 has been paid to Preferred claimants and \$585,134 through offset.

Approximately 55,000 claims were filed in the Preferred Accident proceeding for more than \$67 million. Reserves sufficient to pay similar dividends to claimants whose claims have not as yet been adjudicated have been

set aside. The bulk of these remaining unadjudicated claims are in suit, thus precluding immediate disposition.

## Eight Speakers to Address Michigan Mutual Agents

Eight speakers are on the program for the annual meeting Nov. 7-9 of Michigan Assn. of Mutual Insurance Agents at Grand Rapids.

Harold A. Anderson of the Dale Carnegie course will talk on "Techniques—Not Tricks"; M. L. Landis of Central Mutual on "Agency Evaluation and Continuity"; Rev. Eugene Slap on "Three Rs, Plus One"; Charles Fleetwood of Grain Dealers Mutual on "Fire Prevention"; Howard Holmes of Northwestern Mutual on "Homeowners Policies"; George Haskill of American Mutual Alliance on "Federal Taxation"; Berthold Woodhams of Citizens Mutual of Howell on "Presenting the Sales Case"; and Frank L. Dumond of Grand Rapids Museum.

## Elect Wilton at Alton

New officers elected by Alton (Ill.) Assn. of Insurance Agents are: President, Stanley E. Wilton; vice-president, J. A. Lewis; treasurer, E. H. Ben-ecke, and secretary, Carl E. Price.

# PEPPY FREDDY, the fieldman, says:



Woodward Melone



L. W. Niggeman

marine secretary in 1940. In 1942 he was granted a temporary leave of absence to assume executive duties with the war shipping administration in Washington. Shortly afterwards he resigned from Fireman's Fund to become director of wartime insurance. He rejoined the company in 1945 and was elected vice-president and appointed manager of the Atlantic marine department in New York. In November 1949 he was transferred to San Francisco as marine vice-president.

Mr. Niggeman joined the group in 1946 as assistant manager of the Atlantic marine department. From 1942 to 1946 he was with the insurance division of the war shipping administration in Washington, where he held the offices of chief underwriter, assistant director and director of wartime insurance. He succeeded Mr. Haefner as manager of the Atlantic marine department in 1949 and in 1953 he was transferred to San Francisco to assume executive supervision of the group's Pacific, Southern California and Pacific Northwest departments.

Mr. Melone joined Fireman's Fund

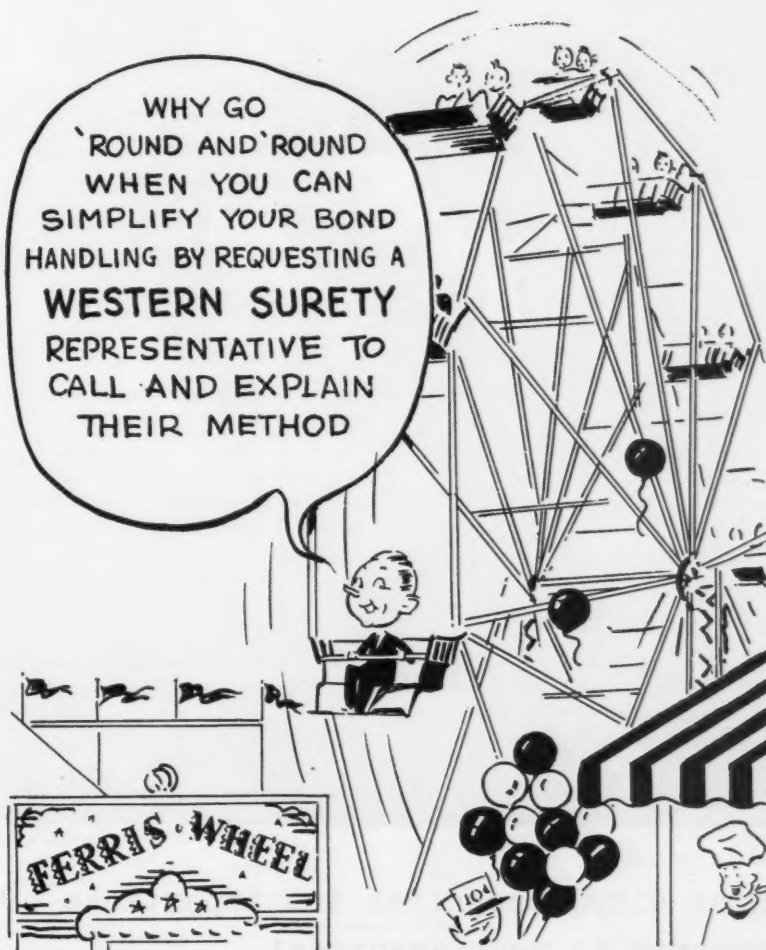
**TOP AUTO UNDERWRITER**—Liability & property damage. Must have home office experience, preferably with deviating stock company operating under agency system. **\$8,000.**

**FIRE & INLAND MARINE UNDERWRITER**—home office experience. Primarily Fire but Inland Marine also involved. Illinois experience necessary. **\$8,000.**

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'ROUND AND 'ROUND  
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SIMPLIFY YOUR BOND  
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One of America's Oldest Bonding Companies

39 South LaSalle Building  
Chicago 3, Illinois

1714 Cedar Springs at Akard  
Dallas 2, Texas

Sioux Falls  
South Dakota

102 East 9th Street  
Kansas City, 6, Mo.



## Chicago Surety Assn. Nominates Hirschmann

A proposed slate of officers for next year was presented at the Surety Underwriters Assn. of Chicago luncheon meeting Tuesday, and John Hirschmann, Aetna Casualty, was nominated for president. He will replace P. J. Lynch of Standard Accident.

Other nominating committee selections were: William T. Davies, Travelers, vice-president; Jack Newhall, Fidelity & Deposit, secretary; and Enfred Carlson, U.S.F.&G., treasurer.

Nominees for the executive committee are: Mr. Lynch; Leo F. Brown, Massachusetts Bonding; James F. Feeney, Home Indemnity; L. W. Zuttermeister, Globe Indemnity; Edmond Madden, Maryland Casualty; and Charles H. Phillips, Hartford Accident.

Election of officers will be at the annual party in November.

**Surety Assn. of America** has elected as new members Firemen's of Newark, Milwaukee, and National-Ben Franklin, all members of the Loyalty group. The association now has 84 stock company members.

## New Edition of Kulp Casualty Book Out

An expanded and more comprehensive edition of *Casualty Insurance* by C. A. Kulp, dean and professor of insurance at Wharton school, has been published by Ronald Press, New York.

The new, third edition, covering 19 chapters in 600-plus pages, is intended, like its predecessors in 1928 and 1947, for students of insurance, in and outside the business. Both in organization and treatment of materials, emphasis still remains on principles. Scope of

the subject matter, though more comprehensive and up-to-date, remains essentially the same. The chapter on credit insurance, however, has been dropped. Aviation insurance, because of its similarity in liability, disability and material damage to non-aviation covers, again has been left out.

Discussions of company organization and operation have been curtailed in favor of developing more fully the definition between casualty and other insurance. He comments that one result of comprehensive policy writing, which breaks down the old dividing lines among hazards and covers other than life and disability, is to raise the question of the usefulness of the traditional concept of casualty insurance. The extent and rate of this breaking down process varies with the characteristics of the individual risk or group of risks, with the preferences and financial capacity of insured, with type of insurer, with section of the country and with other factors.

He concludes that, on the basis of present knowledge, neither the concept nor the title of casualty insurance can be abandoned, but predicts that in this country, as in Britain, fundamental differences between liability and disability covers on the one hand and material damage cover on the other will largely or entirely separate their underwriting, rate making and claim settlement. Some insurance men, he points out, predict that casualty insurance of the future will include liability and disability lines only. Whether they are written with material damage in comprehensive policies or continue as they are now, Dean Kulp comments, the fact remains that liability in every way is basically different from material damage, and underwriting and related practices may be expected to reflect that fact.

## Examine Allstate Fire

An examination of Allstate Fire, the subsidiary of Allstate, by Zones 2, 3, 4 and 6 of NAIC, covering the period Jan. 1, 1951, through Dec. 31, 1954, dated Sept. 15, 1955, and signed April 25, 1956, as an official record in the Illinois department, describes the reinsurance arrangement between the company and Allstate.

The report notes that the net premiums of Allstate Fire consist entirely of auto collision business assumed from Allstate.

Under the contract in force as of Dec. 31, 1954, profit derived by Allstate Fire is limited to 10% of premiums earned on the reinsurance assumptions. The aggregate of the profit, plus loss and loss adjustment expenses incurred, is deducted from premiums earned. The remainder, if any, constitutes the commission payable to the reinsured. Calculations, and book-keeping entries therefrom, are made monthly.

A profit of 10% is assured as long as the loss ratio does not exceed 90%, the report states. A 1% reduction follows for each percentage point increase. If the loss ratio exceeds 100% a loss, instead of a profit, results.

The report summarizes 1954 operations, in which Allstate Fire showed a net underwriting gain of \$1,643,222. The premiums earned amounted to \$17,040,493, losses incurred \$5,113,569, loss expenses \$1,313,102. The loss and loss adjustment expenses of \$6,426,672 were 38% of premiums earned, and commission incurred to the reinsured Allstate was \$8,909,771, and the profit of 10% to Allstate Fire was \$1,704,049. After deducting other underwriting expenses incurred of \$60,826, the company wound up with a net underwriting gain of \$1,643,222.



PHOTO FROM A MACK BENNETT COMEDY

The Kansas City recognizes the importance of prompt loss payments to your assureds!

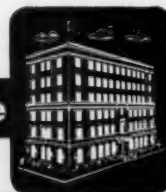


To build more business . . .  
keep more business . . .  
represent The Kansas City—  
a progressive company  
for progressive agents.

**Kansas City Fire and Marine**

*Insurance Company*

301 West 11th Street • Kansas City, Missouri





## Personnel Managers Hear Niggeman on 'Salary Administration'

In an address before Insurance Personnel Management Assn. in San Francisco, L. W. Niggeman, vice-president of Fireman's Fund group, discussed "The Importance of Sound Salary Administration from Management's Viewpoint."

He told the managers that unlike the manufacturer who must rely not only on his employees, but also on the supply of raw or finished materials, "we are totally dependent on people alone to produce, administer, process and service our paper 'products'; our single product—the contractual agreement—to come to the aid of those who have suffered misfortune or adversity."

Mr. Niggeman said that "only through a well-managed, well-defined salary administration program can management expect increased staff efficiency and salary costs that are in tune with the organization's profit-making ability." These accomplishments, he said, mean efficient use of operating capital and they enable a company to meet its competition."

## \$85,000 Insured Loss in Fla. Bank Fire

Insured loss in a fire that swept through the Bank of New Smyrna in New Smyrna Beach, Fla., Sept. 24 totaled \$85,000. Four companies shared in the loss. Total damage was estimated at more than \$150,000.

The bank had \$35,000 cover on the building and \$50,000 on contents. Neither the bank nor any of the several tenants in the three-story building carried U&O. The bank has opened for business at another location while repairs are in progress.

## Two Big Cal. Bonds

LOS ANGELES—Ukropina-Polich-Kral Inc. of San Gabriel, Cal., has been awarded the contract at a price of \$1,415,357 by the Pomona-Wall-Rowland joint waterline commission

for construction of 6.9 miles of pipelines in Los Angeles county. Maryland Casualty is surety on the work.

California department of public works has awarded a \$1,847,302 contract for improvement of 6.8 miles of roads in San Joaquin county to A. Teichart & Sons of Sacramento, with Massachusetts Bonding as surety.

Employers' group has relocated its New Hampshire branch office at Manchester to new, modern quarters at 1662 Elm street. The move is another in a series of departmental relocations to modern offices.

## U. S. Rate Laws Force Many Risks to Foreign Market, Roberts Says

Many insurance risks go overseas because of domestic rate restrictions and lack of adequate domestic capacity on special lines, Arthur V. Roberts of Citizens Casualty told a seminar of American Society of Insurance Managers at University of Connecticut.

Limitations on American business

stem largely from semantics and imaginary dangers, he said. If it is not in the manual, it is "a special risk." Mr. Roberts said that in England there are no such things as special risks. If any activity has an inherent loss factor, it is an insurable risk, and no one may tell a London underwriter what he may or may not write at a specified rate. The American trend toward comprehensive writing, however, is gradually recouping some of the previous defaults to the overseas market, Mr. Roberts pointed out.

## GETTING THE POINT...

# Across!

MEMO TO THE MAN WHO IS

# GOING PLACES

The road to success in your business or profession sets a fast and strenuous pace... and it's so easy to forget the little important things—like making certain your life insurance program is geared to your family's modern needs and present standard of living.

You wouldn't entrust your family's safety to a 1925 model automobile... why then take chances on their future security with an antiquated life insurance program? Let us tell you about North American Accident Insurance Company's "tailor made" Preferred Risk life plan. It represents the most advanced life insurance thinking, combining high cash values with such flexible features as disability income... waiver of premium... and important family income benefits.

The cost is far less than a man who is going places might expect to pay. That's because we have designed the policy specifically for you, and you are the type of man we like to help go places.

PLEASE FILL OUT COUPON

Please furnish me further information about the North American Preferred Risk life plan for the business and professional man.



**NORTH AMERICAN ACCIDENT INSURANCE COMPANY**

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_  
STATE \_\_\_\_\_

SEND TO

AGENT'S NAME  
ADDRESS AND PHONE HERE



**ORGANIZED in 1880, IOWA STATE is the oldest organization of its kind in the world. Reputable, strong and experienced, it offers to the white-collar worker a modern accident insurance coverage tempered with old fashioned friendliness and consideration... and at a cost consistent with the most modest budget.**

**Iowa State TRAVELING MENS ASSOCIATION**  
DUTTON STAHL, Secretary  
DES MOINES, IOWA

And here's a memo to the agent who's going places! To get the point across to your present and prospective clients—at the all-important local level—North American Accident Insurance Company is making advertising mats available, without charge, for reproduction in your hometown or community. Larger than the ad shown here, these mats have ample room for your own imprint... ideally designed to do a high-powered selling job for you by pinpointing the Preferred Risk Business or professional man market.

This is another example of North American's continuing service in providing field men with the kind of sales support that brings in new business and keeps it.

Available free of charge, these advertisements can be put to work for you if you will write to S. R. Rauwolf, vice-president.



**NORTH AMERICAN ACCIDENT INSURANCE COMPANY**

209 SO. LA SALLE ST. • CHICAGO 4, ILLINOIS

LIFE • ACCIDENT • HEALTH



## Program Completed for Ohio Association Annual, Oct. 15-17

The program has been completed for the Ohio Assn. of Insurance Agents annual convention at the Hotel Carter in Cleveland, Oct. 15-17.

Kenneth O. Force, executive editor, THE NATIONAL UNDERWRITER, will speak at the opening luncheon Monday. Afternoon sessions will hear talks on "Perpetuation of an Agency" by Dr. John D. Long, associate professor of insurance, University of Indiana, and "Highway Safety" by John R. Crunelle, chief safety financial responsibility division, Ohio bureau of motor vehicles.

On Tuesday agents will hear Jack F. Derrickson of Security-Connecticut group, speak on the "New Family Automobile Policy" and a panel discussion on education. Superintendent Pryatel will address the group on "Insurance Division Supervision" in the afternoon, and a panel on "Workmen's Compensation" will follow. Fred Smith

of Cincinnati will speak at the evening banquet.

The business session will be conducted Wednesday morning with association president Hugh K. Dawson presiding.

A theatre evening is planned Monday with agents attending a performance of "The Seven Year Itch."

## Firemen's Again Raises Semi-Annual Dividend

Firemen's of Newark has declared a semi-annual dividend of 65 cents a share payable Nov. 15 to stockholders of record Oct. 15. This is an increase of five cents a share paid May 15 and places the shares on an annual basis of \$1.30.

This is the eighth consecutive year the common stock dividend has been increased.

## Institute Lunch Nov. 8

Insurance Institute of America will hold its annual conference luncheon Nov. 8 at Plaza hotel, New York City. Harry J. Loman, executive vice-president of the institute, is in charge of the affair.

## NAMIA Is Ready for 25th Anniversary

The tentative program of the 25th anniversary convention of National Assn. of Mutual Insurance Agents in Washington, D. C., Oct. 22-24 has been announced. The advisory board, which consists of presidents of state associations, will meet on Sunday, as will directors. There will be a dinner that evening for state association secretaries.

The convention proper opens with a luncheon Monday noon at which David B. Karrick, commissioner of District of Columbia, will welcome conventioners. Felix Morley, author, will discuss "Democracy vs Federalism" as guest speaker.

Monday afternoon Fred A. Reuning will give a resume of the past history of NAMIA, and this will be followed by the association business meeting. Monday evening there is a Bridey Murphy party, to which the guests are supposed to come as they think they think they were in a previous incarnation.

On Tuesday Elwood Whitney, vice-president and creative head of Foote, Cone & Belding advertising agency of New York, will discuss creative advertising; Frank Meistrell, administrator of the new federal flood indemnity program, will deal with that subject, and Dr. Robert C. Page, Standard Oil of N. J., and at one time consultant in occupational diseases for Hartford Accident, will provide "Message to Widows of Go-Getters."

Tuesday afternoon NAMIA will conduct its "Mr. Mutual Agent of 1956" contest. Jennings Randolph, assistant to the president of Capitol Airlines, will speak on "Better Speaking Makes Better Sales."

The Wednesday morning program will be devoted to a panel on present and future challenges in the insurance business. William Woodland, editor of the Standard, will discuss underwriting trends; Elmer Miller, editor of the New York Journal of Commerce, enroachment of the federal government, Charles Rosensweig, editor of the Insurance Advocate, irresponsible motorists, and Kenneth O. Force, executive editor of THE NATIONAL UNDERWRITER, competition. The annual banquet will be held that evening, preceded by a social hour and followed by entertainment.

## Award \$12 Million in Coast Bonds

Fidelity & Deposit is surety on an \$8,189,689 contract for construction of a bridge over the Los Angeles flood control channel. The contract was

awarded to the G. F. Atkinson Co. of Long Beach, Cal., by the Long Beach Harbor department.

National Surety is on a bond for a \$2,467,263 contract for highway construction on U. S. Route 50. A contract has been awarded to the Isbell Construction Co. of Reno, Nev., by the Nevada State Highway department.

Fireman's Fund is surety on a \$1,327,300 contract for construction of a new high school at Redondo Beach, Cal. The contract was awarded to Tom E. Norcross of Long Beach by the South Bay Union High School district.

## Continental Casualty Gets Texas University Coverage

University of Texas, which has been a self-insurer since its founding, has announced issuance of a \$132,793,000 building and contents schedule for fire and extended coverage on its properties in five Texas cities.

The policy, it was reported, carries a \$100,000 deductible on a per occurrence and replacement cost basis, with 90% coinsurance. The contract was awarded to Continental Casualty of Chicago, following the opening of bids, with Munger & Moore of Dallas as the agency of record.

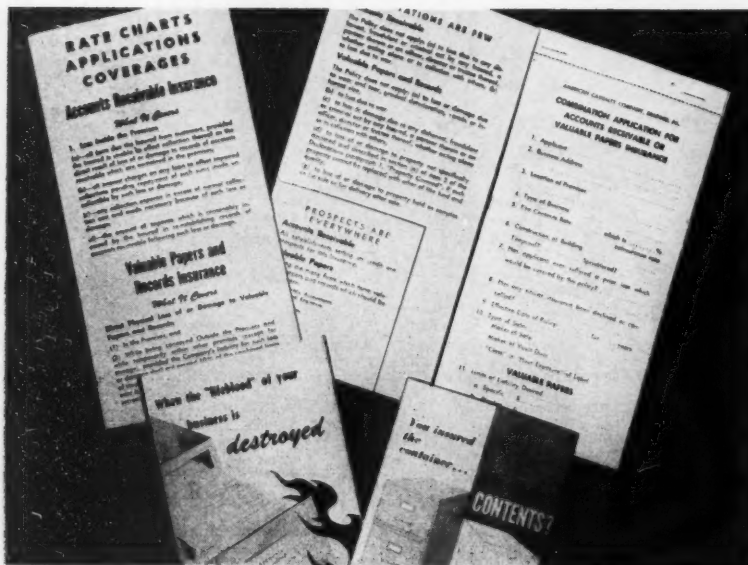
Property covered in the schedule is divided approximately as follows: 75% on the main university properties in Austin; 17% on the medical school in Galveston; 4% on buildings in Houston, and 2% each on Texas Western in El Paso and Southwestern medical in Dallas.

## Deny Dr. Hassen Appeal

LOS ANGELES—Appellate court of California has handed down a decision dismissing the appeal of Dr. E. E. Hassen, former official of Zenith National. The court said the appeal was dismissed because a trial by jury was waived and the statute does not authorize an appeal to be taken from a verdict.

Dr. Hassen was convicted in 1955 on a count of forgery in connection with his administration of the affairs of Zenith National and was sentenced to a year in jail. He has been free on bail pending the ruling on his appeal. Following the conclusion of the trial in criminal court, the court removed control of the affairs of Zenith National from Hassen and named an accountant to handle it under court supervision. The board of directors was changed so that the Hassen Foundation, majority owner of the stock, had its power curtailed.

Portland Blanket Club has elected S. N. Boquist Jr. of Boquist, Clark & Swivel agency as president; J. W. Lykes Jr., Lamping & Co., vice-president, and J. W. Meeke, Wells-Reed agency, secretary-treasurer.



## May we send you this Pocket Size Sales Kit on ACCOUNTS RECEIVABLE and VALUABLE PAPERS Insurance?

This is one of the many convenient sales aids which "American Casualty" makes available to agents.

It's small enough to carry in your coat pocket when you're going to discuss Accounts Receivable or Valuable Papers Insurance. Contains a brief outline of coverages; rates; ten applications and colorful advertising leaflets on both forms of insurance.

A request on your letterhead will bring you a sample kit by return mail.

**American Casualty**

COMPANY  
READING • PENNSYLVANIA

All forms of Casualty, Surety, Fire, Marine and Accident & Sickness Insurance.

# Call a SPECIALIST!

L. K. GIFFIN

FRED L. KRIEDT

LEE M. STENTZ

Located in a world center of the oil industry, we have substantial experience and capacity in oil insurance . . .

DRILLING AND PRODUCTION RISKS  
OUR SPECIALTY—BOTH ON LAND AND OFFSHORE

For Agents & Brokers only

**SOUTHERN MARINE & AVIATION UNDERWRITERS**  
INC.  
NEW ORLEANS

610 POYDRAS ST.

TULANE 5266



## Argonaut Names Three New Vice-Presidents

M. F. Gruhn, George B. Hill and Bruce A. Woolery have been named vice-presidents of Argonaut group.



M. F. Gruhn

Mr. Gruhn, a member of the executive staff of Argonaut Underwriters, was named vice-president in charge of underwriting programs. He first became associated with Argonaut last May after 27 years of experience in insurance. His activities also have included serving as chairman of the governing committee of California Inspection Rating Bureau and of the California assigned risk plan.

Mr. Hill, who has been northern division manager since 1951, was promoted to resident vice-president in the



George B. Hill



Bruce A. Woolery

San Francisco office. He first joined the company in 1950 as special agent for the Sacramento territory.

Mr. Woolery has been appointed resident vice-president for the southern division. He joined Argonaut in 1950 as southern production manager, and in 1955 was advanced to the post of division manager for the Los Angeles office.

President Harold A. Hatch and executive vice-president J. P. Taheny reported to directors that Argonaut premiums are 20% ahead of last year and should reach \$20 million by the end of 1956.

## Mutual Service Casualty Gets State Vehicle Cover

Mutual Service Casualty of St. Paul has for the fourth consecutive year been awarded the statewide public liability insurance contract for all state employees who operate the 5,886 state-owned vehicles.

## N. W. Mutual School Sets Record

A record number of students attended Northwestern Mutual's specialized school of insurance at the home office in Seattle this fall. It was the eleventh annual month-long advanced educational session sponsored by Northwest-

ern Mutual for key employees. Emphasis this year was on multiple line operation and its influence on underwriting and merchandising. The course is administered by Northwestern's educational department, of which Ainsworth Blogg is director.

## Conn. Lowers WC Rates

Connecticut has approved a 6.5% over-all decrease in workmen's compensation rates, effective Oct. 3, the second successive year rates have been decreased.

## National Board Advances Slevin

National Board has advanced W. Victor Slevin from adjuster to administrative assistant at New York. He will continue on the staff of the general adjuster.

Mr. Slevin was a special agent of FBI at Atlanta, Savannah and Washington, D. C., before joining National Board in 1950. He transferred to New York last year from the arson department at San Francisco.

## Insured Loss in Fur Theft to Run \$115,000

Burglars tunneled through two walls of Jandel's fur store and made off with mink and other furs in what police called the biggest fur theft case in the history of Baltimore. Boston had the burglary cover on the furs, placed through Young & Simon agency of Washington D. C. The fur store originally estimated the loss at \$200,000. Edwin D. Weinstock of New York is adjusting the loss.

A a B b C c D d E e F f  
G g H h I i J j K k L l M m  
N n O o P p Q q R r S s  
T t U u V v W w X x Y y Z z

## THESE ARE YOUR TOOLS, MR. AGENT!

These twenty-six letters are all you have to tell potential clients about yourself and the services you offer.

Put them together haphazardly and they're without meaning . . . useless. Put them together with thought and imagination and they will repay you with new clients and more sales.

Our Advertising Department specializes in these twenty-six letters . . . we'd like to help you use them to *your* best advantage. Consult us now about your advertising plans. Ask for your copy of our "Key to Agency Development" booklet.

PHILADELPHIA DEPARTMENT  
PHILADELPHIA 5, PA.  
MICHIGAN-OHIO DEPARTMENT  
DETROIT 26, MICH.  
SOUTHERN DEPARTMENT  
ATLANTA 8, GA.  
MIDWESTERN DEPARTMENT  
CHICAGO 6, ILL.  
WESTERN DEPARTMENT  
KANSAS CITY 41, MO.  
PACIFIC DEPARTMENT  
SAN FRANCISCO 4, CALIF.

NORTH BRITISH and MERCANTILE Insurance Company Limited  
The PENNSYLVANIA FIRE Insurance Company  
The COMMONWEALTH Insurance Company of New York  
The MERCANTILE Insurance Company of America  
The HOMELAND Insurance Company of America  
Administrative Office: 150 William Street, New York 38, N. Y.  
The OCEAN MARINE Insurance Company Limited  
Administrative Office: 55 John Street, New York 38, N. Y.  
CENTRAL SURETY and INSURANCE CORPORATION  
Home Office: 1737 McGee Street, Kansas City 41, Mo.

**N.B.&M.**  
**INSURANCE GROUP**  
Established 1809

• Be sure to check both Newsweek and Town Journal for N.B. & M. Group advertisements telling your customers and the insuring public generally about you!

**ARE DIRECT WRITERS COSTING YOU SALES?**

Prize winning  
**LOCAL AGENT AD CAMPAIGN**  
now used in 378 cities in 44 states, Canada and Alaska.

**FREE FOLDER**  
showing ads full size.  
Write **DINERMAN ADV. AGENCY**  
Insurance Department  
509 Race Street  
Cincinnati 2, Ohio





## PROFIT

*in the sky*



An airplane is just one more article of property subject to the same old perils of fire and liability. Don't lose an entire account because you let someone else insure the airplane.\*

Your Royal-Liverpool Multiple-line fieldman will be glad to help you with this account-saving, yet easy-to-sell coverage.

Backing him is your R-L aviation special representative with authority for on-the-spot quotations. Ask either of them for your Aviation Sales Kit.

\*Royal-Liverpool's own Aviation Department is equipped to handle the aviation business of its agents.

# ROYAL • LIVERPOOL

## Insurance Group

CASUALTY • FIRE • MARINE • SURETY

150 WILLIAM ST., NEW YORK 38, N. Y.

ROYAL INSURANCE COMPANY, LTD. • THE LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY LTD. • ROYAL INDEMNITY COMPANY  
GLOBE INDEMNITY COMPANY • QUEEN INSURANCE COMPANY OF AMERICA • NEWARK INSURANCE COMPANY • STAR INSURANCE  
COMPANY OF AMERICA • AMERICAN AND FOREIGN INSURANCE COMPANY • THE BRITISH & FOREIGN MARINE INSURANCE  
COMPANY LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • VIRGINIA FIRE & MARINE INSURANCE COMPANY

## Convention Dates

- Oct. 14-15, Insurance Federation of North Dakota, Eagles Club, Bismarck.  
Oct. 14-16, Missouri Assn. of Insurance Agents, annual, Hotel Statler, St. Louis.  
Oct. 14-17, Federation of Mutual Fire Insurance Companies, annual, Sheraton-Gibson hotel, Cincinnati.  
Oct. 14-17, National Assn. of Mutual Fire Insurance Companies, annual, Sheraton-Gibson hotel, Cincinnati.  
Oct. 15, Rhode Island Assn. of Insurance Agents, annual, Sheraton Biltmore hotel, Providence.  
Oct. 15-17, California Assn. of Insurance Agents, annual, Sheraton-Palace hotel, San Francisco.  
Oct. 15-17, Ohio Assn. of Insurance Agents, annual, Cleveland.  
Oct. 16, North Dakota Assn. of Insurance Agents, annual, Eagles Club, Bismarck.  
Oct. 16-17, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.  
Oct. 17-19, Insurance Accountants Assn., annual, Hartford.  
Oct. 19-20, South Carolina Assn. of Insurance Agents, annual, Ocean Forest hotel, Myrtle Beach.  
Oct. 21-23, Insurers of Tennessee, annual, Noel hotel, Nashville.  
Oct. 21-23, Maryland Assn. of Insurance Agents, annual, Lord Baltimore hotel, Baltimore.  
Oct. 22-23, Arizona Assn. of Insurance Agents, annual.  
Oct. 22-24, National Assn. of Mutual Insurance Agents, annual, Shoreham hotel, Washington, D. C.  
Oct. 22-24, Western Underwriters Assn., annual, The Greenbrier, White Sulphur Springs, W. Va.  
Oct. 23-24, Louisiana Assn. of Insurance Agents, midyear, Hotel Bentley, Alexandria.  
Oct. 25, American Institute of Marine Underwriters, annual, New York.  
Oct. 28-30, Kansas Assn. of Insurance Agents, annual, Broadview hotel, Wichita.  
Oct. 28-30, Illinois Assn. of Insurance Agents, annual, Springfield.  
Oct. 29-31, National Assn. of Independent Insurers, annual, Hotel Commodore, New York City.  
Nov. 7-9, Michigan Assn. of Mutual Insurance Agents, annual, Pantlind hotel, Grand Rapids.  
Nov. 8, Connecticut Assn. of Insurance Agents, annual, Statler, Hartford.  
Nov. 8-9, Illinois Assn. of Mutual Insurance Agents, annual, Kaskaskia hotel, La Salle.  
Nov. 11-13, Kentucky Assn. of Insurance Agents, annual, Kentucky hotel, Louisville.  
Nov. 15-16, Mutual Agents Assn. of New England, annual, Hotel Kimball, Springfield, Mass.  
Nov. 16-17, Kansas Assn. of Mutual Insurance Agents, annual, Jayhawk hotel, Topeka.  
Nov. 18-21, Indiana Assn. of Insurance Agents, annual, Claypool hotel, Indianapolis.  
Nov. 26, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach hotel, Chicago.  
Nov. 26-28, American Mutual Alliance, annual, Edgewater Beach hotel, Chicago.  
Nov. 29, Insurance Federation of New York, annual, Waldorf-Astoria hotel, New York City.  
Dec. 3-7, National Assn. of Insurance Commissioners, semi-annual, di Lido hotels, Miami Beach.

## Custom Envelopes Ready for Compulsory Forms

Mutual Agents Assn. of New York State will supply at cost to all members and any non-members the custom window envelope designed to fit the FS-1 certificate of insurance which must be mailed to every insured auto owner in the state by Dec. 1—under the compulsory auto insurance law.

The association has negotiated with a large envelope manufacturer and anticipates an order in excess of 500,000. Deadline for all orders is Oct. 8. Due to the placement of the address on the certificate, the standard form of window envelope was unsuitable, posing a supply problem for many local agents. The special envelopes are available in any quantity, imprinted or plain. Order forms are available from the association, 647 South Warren street, Syracuse 2.

## GAB Names Two Managers

General Adjustment Bureau has appointed George C. Kerr and Clyde P. Puckett branch managers at Waltham, Mass., and Columbia, Tenn., respectively. Mr. Kerr joined the bureau in 1944 in New York and transferred to Albany in 1946. He succeeds Leo C. Casey, who resigned. Mr. Puckett was formerly adjuster-in-charge at Columbia, which is now an independent branch.

there's  
so much  
to  
choose  
from  
at...



## HOTEL CLEVELAND

### Cleveland Room

Dine in the splendid old world setting of a grand dining room. The menu is varied, the service unexcelled.

### Bronze Room

One of the brightest of the city's supper clubs. Dancing nightly from 9:00 p.m. Air conditioned, of course.

### Rib Room

A true specialty restaurant... For Fabulous Roast Beef, roasted, carved and served to your order.

### MEN'S BAR

Strictly stag — is this all male haven for good drinks, good food and good talk. Plus sports events on TV.

### TRANSIT BAR

For rapid service in the most unique bar in the country... decorated with an outstanding collection of miniature trains.

### the PATIO

Pause — in the relaxing, informal atmosphere of the gayly decorated Patio. It's a Cleveland habit to say — "Meet me at the Patio."

### Coffee Shop

Service is brisk and decor cheerful in the modern, air-conditioned coffee shop. Enjoy a tasty sandwich or a moderately priced meal.

*Hotel Cleveland*



# Fire and Casualty Insurance

## COMMENTS - TRENDS - OBSERVATIONS

### Ohio Agent Tells How Homeowners Has Affected His Profits and Sales

The Harger agency of Bowling Green, Ohio, has sent its companies a record of its experience on homeowners policies for the first 11 months the coverage was available in Ohio. Kenneth H. Harger related some of this information in a seminar during the CPCU convention at Cincinnati last month, and there was so much interest in his report that he has summarized the findings in a formal paper.

In his paper, Mr. Harger says:

When the homeowner policies were introduced in Ohio, we kept a simple tabulation of the effect of homeowners on our agency's business. Both before and since the introduction of these package policies in our state we heard persons from agency and company ranks alike tell how our agency's premium volume and profits would be effected by homeowners. Some drew a rosy picture, others a black one. Everyone had an opinion, but none had any figures to substantiate these opinions.

This paper is a summary of the actual effect of homeowners on our agency's premium volume and net profits. We have tried to limit ourselves to the reporting of facts, to express no opinions, and to draw conclusions only when the conclusions are obvious from the facts. We are not suggesting that our experience is typical of others, nor that we have done either a good or a bad job with homeowners. We are simply saying, "Here's what homeowners did to or for us."

Since the circumstances surrounding the agency from which these figures originate greatly influence the results, let me give you some background information which may make these facts more meaningful to you. Homeowners were introduced in Ohio on Oct. 3, 1955, and this report covers the 11 months from this date to Sept. 2, 1956. Our agency is, for practical purposes, a one man agency, writing approximately \$240,000 annual premiums. Our business is made up of many small accounts, \$3,100 annual premium being our largest account. You can see that "one man" in this "one man agency" already had his hands full.

In view of this, a "crash program" of immediately contacting every insured (as some agencies properly did) was out of the question. We sent a printed letter to every insured, explaining homeowners in general terms, recommending it highly, offering to contact the insured immediately if he wished, and assuring him we would discuss homeowners with him when his next personal policy came up for renewal. Few asked us to see them immediately. The great majority either have been or will be given an explanation of homeowners as their insurance expires.

We used a columnar work sheet with

the following headings for the different columns:

1. Name of insured
2. Type of homeowners (A or B. We write no Cs)
3. Amount of three year homeowner's premium
4. Installment or advance premium
5. Premiums lost to homeowners (These columns included the total three year premiums of the policies we would no longer write as a result of homeowners written by our agency or by our competitors. We realize we may not know all insurance lost to others because of the "Other Insurance Endorsement")
  - a. Dwelling
  - b. Household and personal property
  - c. Comprehensive personal liability
  - d. Family theft
6. Competitors premiums lost to our homeowners
  - a. Dwelling
  - b. Household and personal liability
  - d. Family theft

The summary of the 89 homeowner policies written is:

POLICIES WRITTEN IN:										Average Premium per Policy
	3 year Premiums		Number of Policies		Installments		Advance Premiums			
	\$	%		%		%		%	\$	
Ho "A"	10,061.16	65.4	66	74.2	49	74.2	17	25.8	152.44	
Ho "B"	5,323.36	34.6	23	25.8	11	47.8	12	32.2	231.45	
Total	15,384.52	100.0	89	100.0	60	29			171.84	

The points that interested us were:

1. Three-quarters of our homeowners were As; one-quarter Bs. (To our insured now carrying fire and extended coverage, we presented a comparison of homeowners A and his present insurance and, in some cases, told him the additional coverage and additional premium involved in a homeowners B. To those now carrying broad form, only homeowners B with deductible waiver endorsement was presented. Neither the special building endorsement nor homeowners C was ever presented.)

2. While only 1/4 of our homeowner policies were Bs, they accounted for 1/2 of the homeowners premiums. This same point is shown in another way when we notice that our average premium for a B is more than 50% more than for an A.

3. Two-thirds of our homeowners are on the installment basis. (This proportion is expected to be still larger with time, for some insured had sizable return premiums on cancelled policies and were thus able to pay the difference now; however, these credits will not be present when the homeowners is renewed three years from now. We found that the installment plan helped sell homeowners, for the installment premium plan for conventional fire policies was not available in Ohio prior to the homeowners.)

We found that we lost known premiums of \$497.98 to homeowners writ-

ten by our competitors, while our homeowners replaced \$580.51 of our competitors' premiums. Even if we assume that we already know of all insurance we are losing to other agencies as a result of homeowners, we can see that homeowners, as handled by our agency, has not been a competitive tool. The net gain from other agencies because of homeowners is, in fact, insignificant (1/2 of 1% of homeowners premiums).

Are we to gather, then, that homeowners has not increased our premiums? Definitely not, for homeowners increased our three year premiums \$6,598.95.

The computation of this gain follows:  
Homeowners premiums ....\$15,384.52  
Premiums lost to our homeowners .....\$ 8,287.59  
Premiums lost to competitors .....\$ 8,785.57  
Net gain .....\$ 6,598.95

Someone might ask, "If not from competitors, where does this increase in premium come from?" The answer is obvious—from the insured. The insured has purchased insurance under the homeowners that he has not carried before. To us, this means an increase in premiums of \$6,598.95 or 75.1% which is certainly substantial.

What about the benefits to the in-

sured? Most persons in the industry feel that comprehensive personal liability is an extremely important coverage to the insured. Only 30 of the 89 persons for whom we wrote homeowners had this vital coverage prior to homeowners. So, we can say homeowners brought the much needed comprehensive personal liability, for the first time, to 1/2 of our homeowner insureds. By the same token, it brought personal theft coverage to 95.5%, for only 4 of 89 carried this coverage prior to homeowners. So, homeowners helped the insured.

Here is a good place to notice another interesting point. The modern salesman feels he is competing with all other persons with whom the buyer spends his money, not with just those persons selling the same product he sells. Each industry tried to convince the buying public to channel a bigger percentage of its purchases to that industry. In the last few years, the food industry has increased the percentage of the average American's paycheck spent for food. Further, it is proud of the selling job it has done. Yet, the

### Says Blue Goose Has Lost Sight of Original Objectives

R. D. Stickles of Atlanta writes:

The stories on the early days of Blue Goose in your Aug. 30 edition were certainly interesting but also most confusing—especially the feature articles of Robe Bird and Paul Rudd.

Mr. Bird, reporting as an eye-witness to the first meeting in June, 1906, at the Oakwood hotel, Green Bay, Wis., states the purpose "... providing an hour or two of distraction and amusing entertainment for the field men." No name, ritual or by-laws for the organization were adopted at that meeting.

Then writes Mr. Rudd, that the name "Ancient and Honorable Order of Blue Goose" along with the ritual and names for officers were chosen at the June, 1906, meeting. Mr. Rudd makes no mention of the presence of Mr. Bird as one of the instigators of the fun-fest which we are led to believe was the original meeting of the order.

These two gentlemen both agree that George Heller was present. Mr. Bird reports it was George Heller's idea to form "a secret society for fire insurance men."

It would seem in order to get the record straight as to what transpired at that first meeting.

Another question—when did the society change its purpose from "the sole purpose of providing an evening's entertainment" to that quoted by Hubert O. Wolfe of "the promotion of charity, good fellowship and acts of benevolence."

Actually today, most Ganders have little thoughts of charity and benevolence when they gather for an evening to bend the elbow and bend the knees if the crap game happens to be on the

(CONTINUED ON PAGE 24)

homeowners has apparently done the same thing for the insurance industry. Our increases in premium did not come from other insurance agents; it probably came from the grocer, clothier, auto dealer, or tavern keeper.

Since one of the reasons for our agency's existence is to provide the principals a living, let's see what homeowners has done to our expenses and net profit. In the following cost study, we see homeowners added \$1,826.57 to our commissions. Our number of invoices, which is new policies plus installment billings, increased by 40, which, in turn, increased our expenses \$227.20. Our net profit is \$1,599.37 higher.

Type of Insurance	Premiums	Average Com. Rate	Commissions per 3 yrs.	Number of Invoices	Office Expense @ \$5.00 per Invoice Item	Net Profit
Dwlg. & Hhg.	\$ 7,780.35	28%	\$2,172.62	140		
CPL & Theft	1,026.22	25%	251.55	29		
Total insurance replaced			\$2,424.17	169	\$ 800.92	\$1,444.96
Homeowners \$15,384.52		27.5%	\$4,230.74	209	\$1,187.19	\$3,043.06
Increase as result of homeowners			\$1,806.57	40	\$ 227.20	\$1,599.37



## Package For Small Mercantiles Filed by National Bureau

A broad form storekeepers policy, a new package contract designed to afford broadened coverage for small mercantile businesses, has been filed countrywide by National Bureau of Casualty Underwriters with a proposed effective date of Nov. 21.

This policy is intended for single-location businesses customarily employing not more than four persons. It is designed to meet the needs of these small businesses for broader coverage than is afforded by the present storekeepers burglary and robbery policy. It provides insurance against additional hazards to which such businesses are commonly exposed. For example, it covers the hazards of disappearance and destruction of money and securities, employee dishonesty and forgery of checks issued by insured. The policy may be issued for \$250, \$500, \$750 or \$1,000.

The new policy is broader than the present storekeepers burglary and robbery policy in the following respects.

Employee dishonesty is an added insured peril. Money and securities are

covered against loss by destruction, disappearance or wrongful abstraction inside the premises, while being conveyed by a messenger outside the premises, and while in a bank night depository safe. Vandalism or malicious mischief damage following burglarious entry into the premises is included. Money orders and counterfeit paper currency coverage is added. Coverage of \$50 is provided for loss by burglary of the contents of show cases or show windows, including damage to the showcase or showing burglarious entry into the premises is included. Money orders and counterfeit paper currency coverage is added. Coverage of \$50 is provided for loss by burglary of the contents of show cases or show windows, including damage to the showcase or show window, not opening directly into the interior of the premises.

### Elect Wilts at Cedar Rapids

H. Lee Wilts has been elected president of Cedar Rapids (Ia.) Assn. of Insurance Agents. Weston D. Ralston is vice-president and Walter J. Scherbeck is secretary-treasurer.

The Buffalo, N. Y., agency of Ryan & Cable has marked its 50th year representing London Guarantee & Accident, a member of Phoenix of London group.

## Nev. Agents Elect McDermott; Surplus Line Assn. Meets

Paul D. McDermott of Las Vegas was elected president of Nevada Assn. of Insurance Agents at its annual meeting in Reno. More than 250 agents and company men attended the three-day convention, to set an attendance record.

Other new officers are Lloyd S. Hobron of Reno, vice-president; George L. Brown III of Las Vegas, secretary-treasurer; Wendell C. Cutler of Las Vegas, state national director, and E. H. Miller of Carson City, Far West Conference representative. Hugh D. McMullen of Elko and Charles B. Marriage of Carson City were elected directors.

Surplus Line Assn. of Nevada held a meeting preceding the convention. M. William Deutsch was elected chairman to succeed E. H. Miller. Wendell Cutler was named secretary-treasurer of the association and John Dayton, Linn V. Hall and George Fairchild were named directors.

Commissioner Hammel told association members that his recent memorandum to surplus line brokers on responsibilities as to the financial status of non-admitted insurers was not meant to apply to Lloyds of London, but only to non-admitted domestic insurers. He advised the group that his department was making a few "spot checks or audits" of surplus line records of the brokers. Principal speaker at the meeting was Frank Salisbury of Kolob Corp. of Salt Lake City and chairman of Utah Surplus Line Assn. In a report on a meeting in New York of an industry sub-committee of NAIC to study the advisability of developing a uniform surplus line law, Mr. Salisbury said, "It was the general opinion of all of those in New York that the meeting was called by those commissioners where a surplus line law and stamping office does not

exist and where the states involved are losing much revenue in business written by non-admitted insurers. Admitted companies vacillate on risks while Lloyds go on at once. Admitted companies could establish rates and develop forms to cover the type of risk now being written in Lloyds, and until American companies approach the picture from a practical standpoint, surplus lines will always exist. American markets are now adopting surplus lines after Lloyds did the experimenting. Lloyds should be permitted to continue on exploratory risks as surplus," he said.

The general session of the agents' association opened with a discussion on "Homeowners Brought Up-to-Date." Moderator of the panel was George Stephen of Stephen-Beemer & Co. of Reno. Panelists were Jack Walthe of Royal-Liverpool, Charles Stewart of Home and Arthur Marks of General Adjustment Bureau.

At the luncheon, Commissioner Hammel presented an award to Linn Hall, association past-president, in recognition of his contributions to the advancement and betterment of the association during the past year. Speakers at Saturday's session included Charles Bundschu, assistant superintendent of Hartford Group who spoke on the new family auto policy, Lloyd S. Hobron of Reno, John Stephen of Security, Gerald Call of Pacific Board and William Patterson of Firemen's Fund presented a panel on the mercantile block policy.

The association voted support of legislative proposals which include a bill affecting so-called "control business" and an anti-coercion bill.

A reciprocity measure involving the assigned risk portion of the insurance code is being prepared in detail by Perry Taft, Assn. of Casualty & Surety Companies, and will be presented to the various local boards for study and consideration. Another bill recommending that the insurance commissioner's post be appointive instead of elective was discussed and will be voted on by members.

### NO. 3 OF A SERIES

## Service does Pay



Says a Pearl-American Agent in Northern Florida. This is his story: "When I bring to the door of a prospect, at no expense to him, binding authority and all the knowledge and experience of insurance matters which I have acquired in my years in the business I think I am rendering the finest service I can possibly provide. Furthermore, when, despite rebuffs I persist and get an order, I am sure I have rendered an OUTSTANDING service. To illustrate, a very large concern recently began the erection of a new type of processing plant on the outskirts of our city. The executives were so engrossed in getting into production that they gave me short attention when I stressed the need for insurance protection. Finally, after many calls I secured an order. Within forty-eight hours after delivery of the binder the property was damaged by fire to the extent of approximately \$70,000, which amount my companies promptly paid. Needless to say my clients were very grateful and rewarded me with the entire line on the rebuilt plant."

Every Pearl-American Agent has at his command the facilities of one of the world's greatest companies. We invite your inquiry.

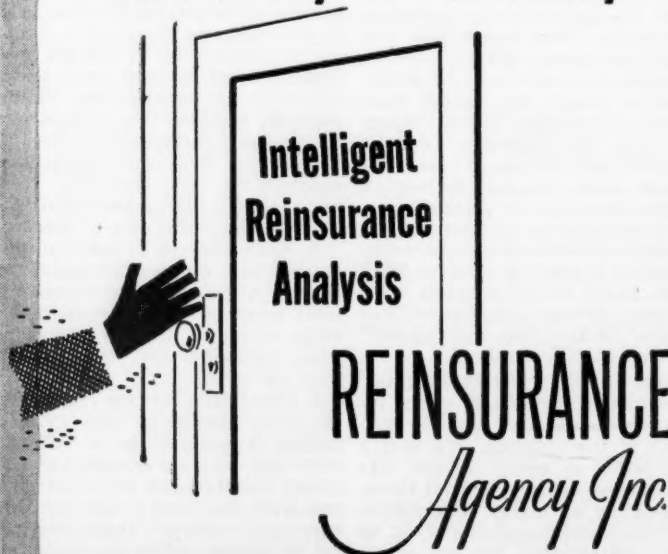
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## Hubbard Sees FTC Extending Authority Over All Insurance

If Federal Trade Commission has jurisdiction over the A&S business, then it also has jurisdiction over every kind of insurance, from life to fire and casualty, Moses G. Hubbard warned New York City Accident & Health club.

Mr. Hubbard, general counsel of Commercial Travelers of Utica and of International Federation of Commercial Travelers Insurance Organizations, talked about the FTC investigation of A&S advertising. If the A&S companies are guilty of the FTC charges, then every insurance company of every type in the U. S. has been equally guilty, he said.

The advertising code adopted by FTC is dangerous in the hands of this "irresponsible agency," Mr. Hubbard charged. This has been shown by experiences the mail order insurance companies had with their 1950 code and by similar cases in other industries.

He cited cases in other fields where, he said, FTC's repudiation of its agreements and understandings with industries were criticized by Commissioner Mason. He agreed with the commissioner that "welshing is a dirty business," and said the insurance business has been the victim of this practice for the last two years.

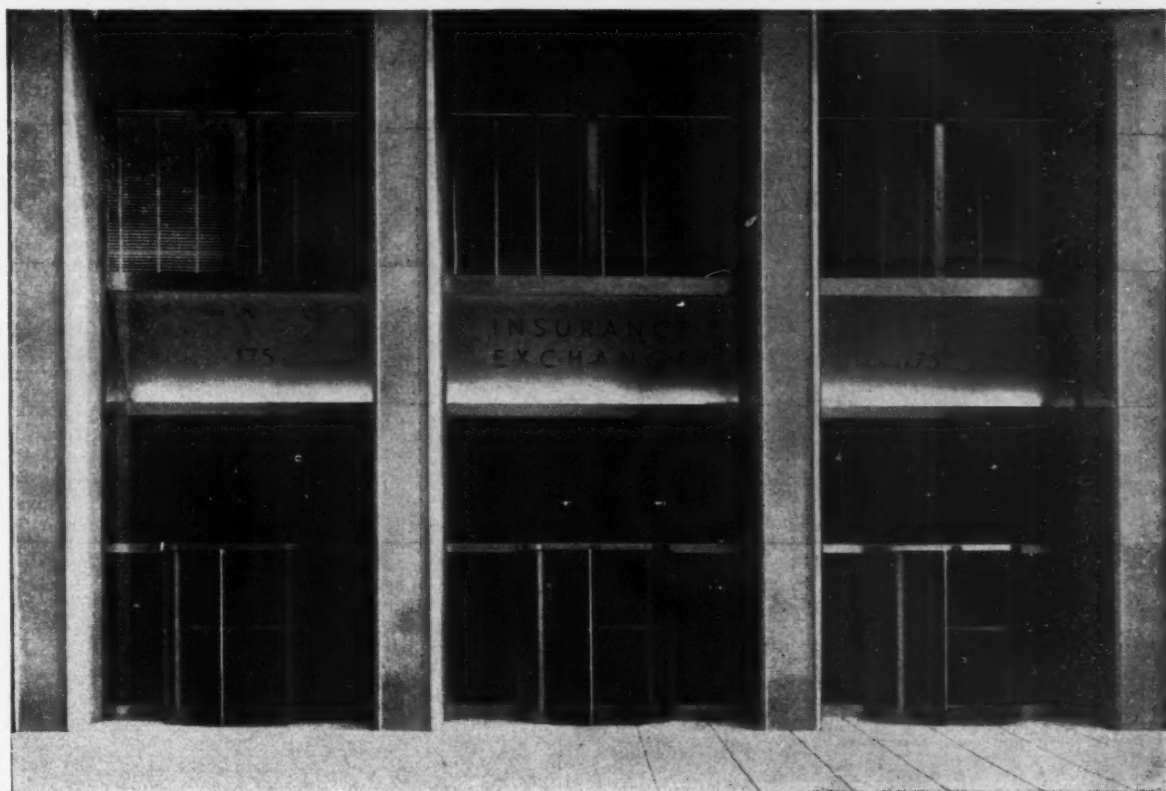
Mr. Hubbard said some things done by FTC were "even more reprehensible and damaging to public morality when officially perpetrated by a federal agency than when practiced by individuals whom we all severely and properly condemn for similar conduct." He listed them as securing insurance cooperation through false and misleading inducements, repudiating assurances upon which members of the industry had relied to their damage, publicly condemning advertising material previously approved by authorized representatives of the commission, and throwing out as irrelevant and immaterial the defense interposed by a company cited by the commission that it strictly complied with the trade practice code promulgated by FTC for guiding the business.

It is hoped that the U. S. Supreme Court will support the exclusiveness of state regulation and will halt "this abortive attempt to usurp functions and authority" actually reserved by Congress to the states, he said. If the court fails to do so, the insurance business will have to join with state governments to find a way to preserve the industry's activities and serve the public. Congress is made up of men interested in the protection and progress of people and industries at home rather than in promotion of federal bureaucracy and tyranny in Washington.

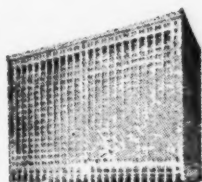
Mr. Hubbard expressed confidence that, should an adverse decision result, the aid of Congress can be enlisted to accomplish the ends for which public law 15 was actually intended.

### Barry to Discuss Atomic Energy Cover Problems

William H. Barry, secretary of America Fore, will address New York chapter of Society of Fire Protection Engineers on insurance problems concerning nuclear energy at a luncheon Oct. 16 at Miller's Restaurant, 144 Fulton street, New York.



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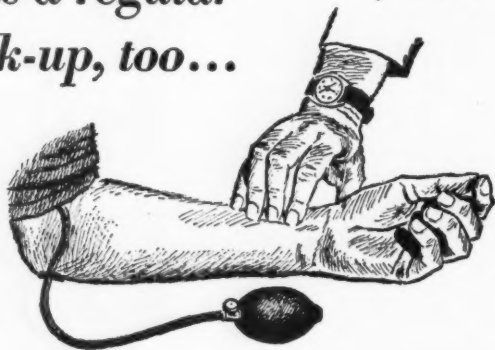
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Things every Insurance Buyer should know  
—No. 83



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- ✓ If you have made important additions to your home or personal property, a check-up will make certain that these are covered.
- ✓ Newer, more comprehensive insurance policies are being designed from time to time. A check-up may point out better, broader coverage for you, at less cost.

Of course the man to see for your insurance check-up is your local independent agent or broker. He'll be glad to help you — his job is to give individual, personal insurance advice to anyone who needs it. Ask him, too, about the new, broader insurance now being offered by the Atlantic Companies.

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This advertisement appears in the Country's leading newspapers

## Suggests Salary Deduction Group for Auto Insurance

The sale of automobile liability insurance on a group basis similar to that used for employee group cases was suggested by Herbert Snowden, actuary of Nationwide Mutual, in addressing a meeting of Cooperative League insurance conference at Evanston, Ill.

Mr. Snowden suggested premiums could be collected by withholding them from salaries, just as is the case with group life. He said there is a "growing impatience with an administrative system (in automobile insurance) which absorbs up to 50% of the money collected." The group plan would reduce total service and overhead costs up to 10% of premiums, he said.

Employers may be as willing to subsidize group automobile as they are currently willing to subsidize group life and A&H, Mr. Snowden added, while the employees would probably be willing to pay something for the convenience of payroll deduction.

He mentioned as advantages to this approach that the salary deduction, being popular, might open new markets; that non-pay cancellation would be reduced and individual request cancellations probably also reduced; wholesale methods would reduce handling costs; there are some employers already interested, and it would produce higher productivity per agent.

The disadvantages are that it might be difficult to get such a plan through an insurance department, especially in view of rulings against fictitious fleets. The plan might have to be handled through a separate insurer, which would cause complications and increased costs. The average quality of risks might be lowered, since there would be pressure on the insurer to take everyone in the group. Certificates of insurance, under present financial responsibility law procedures, might have to be given to banks and finance companies and this would add to expense.

Also, there would be a constant changing of the members of the group, and there would have to be a system

for keeping coverage in force during strikes.

The group approach also would undermine present selling methods and "cut the ground from under" the company's present agents, Mr. Snowden admitted. The rate would have to be "very close" because of anti-discrimination which require regular business to be sold at the same rate as group unless a separate insurer is used.

## Seven Named in Changes by Standard Accident

Standard Accident and Planet have made a number of home office and field appointments.

John E. Corscadden has been made assistant manager in charge of claim territory #3 at the home office casualty claim department. John L. Kelly has been transferred from the home office to Kansas City as bonding field representative and Robert R. Halfacre has transferred from the Detroit branch to Boston as a safety engineer. Edgar W. Muller Jr. and Stephen P. McCarthy have joined the companies' New Jersey branch as casualty underwriter and claim representative respectively. Gilbert Dunlop has been made field representative at Philadelphia and Robert A. Jakubowski has been made fire and marine underwriter at Chicago.

## No. Cal. Buyers Elect

O. A. Wees, Crown Zellerbach Co., has been elected president of the northern California chapter of American Society of Insurance Management. The new vice-president is R. W. Humphrey, Southern Pacific Co.; J. A. Crockwell, Pacific Gas & Electric Co., is secretary, and A. E. Fieger, Bank of California, is treasurer.

## Allstate Wins Safety Award

Allstate became the first insurer to receive the Ontario, Canada, Safety League Award for public safety campaigning when it was presented to the company's Toronto office recently. The office was among 47 recipients of the award and one of seven companies honored on the basis of safety campaigning through advertising.

Easley (S. C.) Assn. of Insurance Agents has elected Loring Garrison president to succeed Roy Gaston, Mrs. Margaret W. Pickens vice-president, Mrs. Bennye Duckworth secretary and Mrs. Miriam E. Allgood and George C. Hagood directors.



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Perhaps this is why more agents and brokers place more Power Plant Insurance with Hartford Steam Boiler than with any other company.



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## Big Speakers for Big NY Federation Lunch

Insurance Federation of New York at its big luncheon in New York City Nov. 29, where some 1,800 are expected, will hear Sen. Clifford J. Case of New Jersey and T. V. Learson, vice-president in charge of sales of IBM.

Plans for the luncheon were outlined at a meeting of the luncheon committee at the Drug & Chemical Club in New York. John C. Weghorn, of the Weghorn agency, chairman of the executive committee of the federation, and Clarence A. Borst of U. S. Casualty, chairman of the luncheon committee, spoke.

In addition to Mr. Borst, the luncheon committee consists of Norman T. Robertson of Zurich, vice-chairman, and the following—all are of New York City except as noted: George F. Avery of U.S.F.&G., Stephen Bedell Jr. of Maryland Casualty, T. Edward Beh of Commercial Union-Ocean, Ashby E. Bladen of Aetna Fire, Arthur F. Blum of Rockaway Park, Edward M. Brown of Aetna Fire, Norman R. Clark of Travelers, Emil T. Clauss of Buffalo, Charles A. Collin of Phoenix of Hartford, Rexford Crewe of Hartford Accident, Robert E. Curry, A. C. Deisseroth of Syracuse, Thomas R. Dew of Chubb & Son, Raymond P. Dorland, William R. Ehrmanntraut of American Surety, George I. Gross of Powers, Kaplan & Berger, Frank T. Grosser of Continental Casualty, James M. Henderson of Fidelity & Depoist, H. K. Heussler of Buffalo, George A. Kramer Jr., of Williston Park.

Also, Emil Kratochvil of Carpenter & Baker, Harry F. Legg of New York Board of Trade, William H. Lucas of LeRoy, Rankin Martin of Standard Accident, Edward W. McAndrews of Hall & Henshaw, Samuel A. Mehrtorf of McDaniel & Co., Albert E. Mezey, Jerome S. Miller, Robert H. Nicholls of Fidelity & Casualty, Leonard O'Neill of Great American, Rodney E. Piersol of Alexander & Alexander, W. Irving Plitt of Atlantic Mutual, R. H. Poggenburg of Brooklyn, Arthur A. Quaranta of Marsh & McLennan, A. L. Reid of Brown Crosby & Co., G. Foster Sanford of Smyth, Sanford & Gerard, Arthur Snyder of Alfred M. Best & Co., Lawrence J. Sobel, Claude T. Spaulding of Aetna Life, R. E. Thompson of Valley Stream, T. M. Torrey of North America, Carl Typermass of Home, David C. White of Caledonian, Russell Wittmann of Thorburn, Peck & Co., H. F. Witzel of American Re, and Carl A. Young of Syracuse.

## GAB Makes Changes in Miss., S. C., Fla.

General Adjustment Bureau has promoted H. S. Goodwin from the Memphis branch to resident adjuster at Corinth, Miss., succeeding R. M. Conn who transferred to Camden, S.C., as resident adjuster.

Edward J. Corey, a senior adjuster at Miami since 1949, has been appointed manager of the Lakeland, Fla., office. He joined GAB in 1946 in the eastern department. The bureau also has relocated its Huntington, W. Va., branch to the Keith-Albee building, 929½ Fourth avenue.

## Elect in Clallam County, Wash.

Merton D. Davis, Port Angeles, has been elected president of the Clallam County (Wash.) Insurance Agents Assn. Other officers are Philo Tyler, Port Angeles, vice-president, and Syd Tozier, Port Angeles, secretary-treasurer.

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## EDITORIAL COMMENT

### What Makes a House Organ Readable

There is wide variation in quality from one company house organ to another. Recently the problem of getting out a sprightly, readable and widely appealing house organ was discussed by Charles C. Robinson of Wellesley Hills, Mass., a communications consultant and former life insurance agency executive, in a letter to home office agency executives.

Though it treats the subject for the life business, many of the letter's points are equally applicable to fire and casualty. In substance Mr. Robinson stated:

Many company magazines beamed at the agent could be improved a good deal, simply by giving the agent a little more of what he wants to read—and a little less of what he's likely to skip. The trick, of course is to find out what the agent does want to read.

With few exceptions, a company magazine's readers are the same people who give general magazines their tremendous circulations, and they have exactly the same reading habits and tastes.

The editors of these magazines have learned a great deal about what people want to read and will read. Here are some of the things that guide them in the planning and preparation of the material they publish:

People want to know about other people. Articles built around significant personal experiences are nearly always well read. In somewhat the same category, answers to current and expected problems are well received. This is especially true when the "how I did it" approach is used rather than "here's how you should." Year after year, these two types of articles are read by more people than any other type.

The news behind the news is important. People like to feel they are getting the inside story. The company magazine that regularly includes small, palatable doses of background fact—things about what the company is trying to do, and why, plus regular progress reports—is usually giving the agent something he appreciates.

Home office people and their jobs make good stories. Editors of general magazines know that people often suspect the motives of men they don't understand. They also know their readers are actively curious about how other people earn a living. An important objective for the company magazine is to satisfy the agent's curiosity about people in the home office. Probably few agents think of the home office staff as an aggregation of featherbedders—but they know too few of its members as people, and still less about what they do and why it has to be done. Agents want facts. They want

their stories told simply, but they don't want simple stories. The agent wants to know what's back of what he sells. Companies can do a good deal to help their agents understand the principles and some of the problems that influence company policy and shape the service they sell. Recently, one company published an article that was primarily a personality sketch of its principal underwriter and his job. However, a good deal of information was worked in about the reasons behind many of the underwriting actions taken. This article was unusually well read and appreciated in the field.

"Personals" are a real problem. Names make news, so the more names, the more news. But this, like the advice to "make 10 calls a day and you can't miss," is both true and false. Much hinges on who is making what kind of calls on whom, and when it comes to reader interest "what names?" and "what news?" become important questions for the editor.

One of the most effective company magazines is edited with seven objectives in mind:

To picture, truthfully and understandably, the company's spirit and personality. Show the agent's work; home life; what sort of person he is; his problems and rewards. Describe methods and accomplishments of successful agents in a way that will show other agents how they can do a better job. Inform the agent of the company's operating policies, objectives, progress. Introduce the home office to the agent, in terms of people and what they do. Discuss the company's responsibilities and problems, as they affect the agent and his work in the field. Publish personnel news of interest to a majority of the agents.

If these objectives make sense, the company executive might take the last half-dozen issues of his own magazine and check to see what has actually been delivered to the agent who reads it.

## PERSONALS

**Leo B. Menner**, executive vice-president of Stewart, Smith (Ill.), is now in London visiting with the head office officials of the company. While in Europe he will take a brief holiday in Scandinavia and return to the U. S. about Nov. 1.

**John H. Hunt**, head of the J. H. Hunt & Co. investigating and adjusting firm of Chicago, who was stricken with polio while on vacation Aug. 1,

has returned to duty recently. The type of polio he contracted fortunately did not cause permanent disability. The firm maintains branch offices in Waukegan, Ill., and Gary, Ind.



John J. Ford

He is vice-president of Eastern Adjustment Bureau.

Officers and employees of Rollins Burdick Hunter Co. at a reception in Chicago last week honored **William B. Tress**, who has been with the company for 50 years. Mr. Tress, a fire underwriter, is 81 years of age, and will continue working regular office hours.

**Nathan Mobley Jr.**, son of Nathan Mobley, vice-president of Federal, and Miss Ellen S. Linen, daughter of Mr. and Mrs. James A. Linen III of Greenwich, Conn., were married there. Mr. Linen is publisher of *Time*.

**Reuben R. Marcus**, manager of the fire brokerage and agency department of Aetna Casualty, has marked 40 years with the company.

**Frank Schiff**, president of Schiff, Terhune & Co. of New York, has been appointed chairman of the general insurance committee of the 1956 fund drive of Travelers Aid Society of New York.

## DEATHS

**CHARLES J. LINGENFELDER**, 68, who retired as assistant secretary of America Fore in

1951, died in Illinois Masonic hospital. Mr. Lingenfelder began his insurance career in 1903 as an office boy for Phoenix of Brooklyn at Chicago. He advanced in a year to entry clerk and subsequently became reserve clerk, assistant examiner, special agent, brokerage manager, agency superintendent, and in 1938 was named assistant secretary. As special agent he traveled in a number of the midwestern states, but most of his time was spent in Illinois. Mr. Lingenfelder had always been active



C. J. Lingenfelder

in field activities, serving two terms on the executive committee of Illinois State Board of Underwriters. He was Most Loyal Gander of Illinois pond of Blue Goose from 1926 to 1927 and was past president of the old Fire Underwriters Assn. of the Northwest and a president of the Life Members Society of that organization.

**W. MEREDITH GOODWIN**, 62, for 32 years a claims adjuster for Automobile Club of Southern California, most recently superintendent of claims for all branch offices, died.

**ROLAND deGRANDPRE**, 65, Canadian manager of New Hampshire group, died in Montreal. He started in insurance with Evans & Johnson Co. and was with Sun and America Fore before joining New Hampshire group in 1921.

**JOSEPH HENRI LUSSIER**, 71, assistant general manager of Provident Assurance of Montreal, died there after a short illness. He joined the company when it was organized in 1910 as a clerk, advanced to secretary and became assistant general manager in 1954.

**CARLOS E. HULL**, 72, secretary of All Canada Insurance Federation, died in Montreal. He was supervisor of claims and adjustments in Canada for Travelers and a local agent in Montreal before joining the federation. He was appointed secretary in 1934.

**TRUMAN D. HAYES**, 61, local agent of Boston, was killed when struck by a car in San Francisco. He had been in insurance more than 40 years.

**HARVEY P. BAIRD**, 67, local agent at Cedar Falls, Ia., for more than 38 years, died there. Mr. Baird had been ill since 1951.

**STANISLAUS S. NOWICKI**, 83, local agent of Buffalo, N. Y., died there after a long illness.

**HARRY R. SILSBY**, 73, formerly a local agent at Webberville, Mich., died at Ann Arbor hospital.

**M. J. HUNTER**, 54, local agent at Des Moines, Ia., died in Iowa Lutheran hospital following a heart attack.

**WILLIAM B. STEELE**, 68, a partner with his son W. B. Steele Jr. in the Steele-Fonda agency of Dallas, died there following a long illness. He began his insurance career at Dallas in 1906 with the old Gross R. Scruggs agency and later went in business for himself. He was a charter member of Insurance Club of Dallas.

**HARRY HARRIS**, 65, president for more than 30 years of the Harris, Carlin & Ibur Adjustment Co. of St. Louis, died at Martinsville, Ind., while on vacation.

**WILLIAM S. BALCH**, chairman of United Adjustment & Inspection of Kansas City, died at Kansas Medical Center from injuries suffered in an automobile accident near Kansas City while returning from adjusting fire

## The NATIONAL UNDERWRITER

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Executive Editor: Kenneth O. Force.  
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Advertising Manager: Raymond J. O'Brien.  
SUBSCRIPTION OFFICE:  
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loss at Toronto, Kan. Mr. Balch was co-founder and president of United Adjustment for 25 years until he retired in June of this year and was named chairman.

**THOMAS J. OSWALD**, 45, a partner and treasurer of the J. B. Oswald agency and president of Insurance Board of Cleveland, died at his home in Shaker Heights following a heart attack. Since graduating from college in 1934, Mr. Oswald had been an officer with the agency, which had been founded by his father, the late

Thomas J. Oswald

James B. Oswald. Mr. Oswald had been a trustee of the Cleveland Board since 1951, was active in the board's reorganization in 1953 and served on many important committees.

**JOSEPH J. HAUER**, 82, president of the Hauer-Lustkandl agency of St. Louis, died at his home there.

**O. ALLEN MATHES**, 57, formerly with the J. M. Hennessy & Son agency and later with the Spurlin agency of Louisville, died at La Fayette, Ga., of a heart attack. He had been returning from a vacation in Florida. He had been in insurance at Jacksonville and Miami for about 25 years before moving to Louisville.

**LYMAN B. NELSON**, manager of Missouri Inspection Bureau, died at Springfield, Mo.

**SAMUEL A. UPHAM**, 89, senior vice-president of Agricultural until his retirement 10 years ago, died in his home in Watertown, N. Y.

## STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.  
135 S. LaSalle St., Chicago, Oct. 9, 1956

	Bid	Asked
Aetna Casualty .....	121	123
Aetna Fire .....	62	63
Aetna Life .....	178	182
Agricultural .....	29½	31
American Equitable .....	33½	34½
American Auto .....	23½	24½
American, (N. J.) .....	29½	30½
American Motorists .....	11½	12½
American Surety .....	18½	19½
Boston .....	34½	35½
Camden Fire .....	25	27
Continental Casualty .....	89	92
Crum & Forster com. ....	60	64
Federal .....	33½	34½
Fire Association .....	44½	45½
Fireman's Fund .....	53	55
Firemen's, (N. J.) .....	35	36
General Reinsurance .....	41½	42½
Glens Falls .....	69	70
Globe & Republic .....	16¾	17¾
Great American Fire .....	35	36
Hartford Fire .....	141	143
Hanover Fire .....	40½	42
Home (N. Y.) .....	42	43
Ins. Co. of No. America .....	93	95
Maryland Casualty .....	30½	31½
Mass Bonding .....	29	30½
National Casualty .....	55	Bid
National Fire .....	97	99
National Union .....	39½	41
New Amsterdam Cas. ....	44½	46
New Hampshire .....	38	39½
North River .....	32	33
Ohio Casualty .....	21½	23½
Phoenix Conn. ....	70	72
Prov. Wash. ....	22	23
St. Paul F. & M. ....	47½	49
Security, Conn. ....	33	35
Springfield F. & M. ....	48	50
Standard Accident .....	49½	51
Travelers .....	70	72
U.S.F. & G. ....	60½	62
U. S. Fire .....	21½	22½

## Vote on Proposed Move in Deviation Case of N. A. in D. C.

WASHINGTON—At a membership meeting of Insurance Rating Bureau of the District of Columbia 116 companies voted against the proposal that the rating bureau participate in the pending law suit involving North America's deviation in the fire classes. The vote in favor of such participation was 50. Five companies were represented but did not vote, and there was no answer from 113 companies.

The notice of the meeting stated that the governing committee had resolved by divided vote to have the bureau participate in the pending law suit by adopting the position of plaintiff. The notice indicated that the resolution would be subject to reconsideration by the governing committee, following the meeting of the membership.

By a technicality, the rating bureau is a defendant in the action by two D. C. companies, National Capital and American Fire, against Superintendent Jordan, North America and Philadelphia F&M. Superintendent Jordan has moved in the federal district court, where the case is now lodged, to strike the rating bureau as a defendant.

In the meantime, the deviation has been in effect since Aug. 16, the district court having refused to grant a stay of its effective date. The rate variance is approximately 10% on all fire classes except homeowners.

## Mich. Mutual Agents Protest Inspection Systems

Michigan Assn. of Mutual Insurance Agents has sent a letter to mutual insurers protesting multiple and overlapping inspections. R. L. Ballard of Flint, association president, prepared the protest which was authorized by directors for submission to the various insurers.

The letter says, "The board has instructed me to write our companies to see if we cannot get united action on inspections and thus eliminate the trouble constantly caused by so many inspectors running through the same property, making much the same recommendations, with the result that the needless irritation aroused defeats the very program the inspections are designed to further."

"By creating ill-will on the part of important insureds, and by various companies pestering the agent with repeated requests for aid in obtaining compliance when the companies have killed any desire on the part of the insured to comply, the companies kill the agents enthusiasm for the loss prevention service and lose his willing cooperation."

Contending that some inspectors are poorly qualified, the agents' protest demands that a "modern, co-operative inspection service" be set up with "one inspection for each risk." Whether the inspection would be made by one insurer with the information shared, or made by a newly created inspection service "is not too material," the letter states.

"A separate organization with representatives in each territory would have a decided advantage," it was conceded, "in that the local representative would get to know each property thoroughly and watch it more closely. He could also establish a more friendly relationship with the owner and obtain his cooperation more readily than a stranger... Our association feels that the agent should set the stage for the inspection but that the engineer should be the one to 'sell' insured on the recommendations he makes. The engineer is the 'expert' with the technical knowledge to back up his recommendations and he should have the years,

the training and the personality to create confidence in what he says and thus obtain willing compliance. Money saved by one inspection instead of many would more than pay for men of this caliber."

Automobile Claims Assn. of New York heard talks by Charles Black and Ray King, director and assistant directors respectively of National Automobile Theft Bureau, at the October luncheon meeting there.

## PRODUCTION POINTERS



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## Coercion Can Reach Burglary, Liability Lines in All Risk Form

With the widening acceptance of homeowners' policies, unchecked coercion can bar agents from competition on not only property insurance but also on personal liability, burglary and personal effects lines, Joseph Borokin, counsel of Committee to Eliminate Coercion in Insurance, told District of Columbia Assn. of Insurance Agents.

He recalled the formation of the committee late last year following a Justice Department decree that tie-in sales of insurance with mortgage loans was a violation of the anti-trust laws. The committee, originally centered in Washington, D. C., and Maryland, has since expanded as far west as Texas and is cooperating with the justice department in ferreting out coercion violations in insurance in connection with other installment buying plans, including automobiles and appliances.

## Kelly Assistant Head of N. E. Rating Unit

New England Fire Insurance Rating Assn. has promoted Thomas J. Kelly to assistant manager and five other men to executive posts.

The others are Oliver L. Colburn, superintendent of divisional stamping departments, Benjamin A. Chase, divisional manager of unsprinklered risk rating in eastern Massachusetts, Walter J. May, divisional manager of eastern Massachusetts stamping office, Walter R. Stanford, supervisor of forms. Mr. Colburn joined the association in 1946. Mr. Chase started with the association in 1920. Mr. May was Mr. Colburn's assistant. Mr. Stanford will supervise production and distribution of forms and manuals. Mr. Asten was an engineer at Hartford.

## Homeowners' Ad Draws Requests for Plans of Illustrated Home

A recent national advertisement has nudged Aetna Casualty into architectural service.

In addition to hundreds of inquiries about the homeowners policies discussed in the ad, the company's advertising department received hundreds of requests from over the country for plans of the ranch house pictured in the promotion.

The illustrated house was an empty shell for which no interior had been designed. However, the company has engaged an architect to prepare two alternate floor plans and these are being mailed to those requesting them. The house is a six room ranch with a two car garage and was the product of one of the advertising department's being mailed to those requesting them.

## Casualty of Cal. Names Kraemer Houston Manager

Casualty of California has assigned Vernon J. Kraemer to the new office at Houston as manager. He will be replaced as Los Angeles manager by Nicholas Fortunato. John Blix has been named assistant manager and Sewell Bradley is head of the underwriting department in other Los Angeles changes.

The Houston office is the first operation outside California for the company.

## Moon Organizes Adjustment Firm

Courtesy Adjustment Service has been organized by Harry R. Moon in Phoenix to service claims in Arizona and California. Mr. Moon was formerly with Emmco at Chicago and Minneapolis. He has had 10 years of field work and claim office management experience.

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## Story on Excessive Awards Causes Furor in Connecticut Court

An article in *Readers Digest* on large jury awards has upset a superior court trial in Hartford and may cause reverberations in the Connecticut supreme court of errors.

A prospective juror, being examined for service in a personal injury case, disclosed that he had read an article in the October issue of *Readers Digest*, which dealt with excessive jury verdicts, and that he had brought the article into the jury room to show to four or five other interested jurors. Plaintiff lawyers asked that the entire panel be dismissed, but Judge Thim refused, pointing out that the court cannot halt jurors from reading what they wish.

Several plaintiff lawyers predicted that because jurors may have been prejudiced by the articles, any case heard by the panel might be reversed on appeal to the supreme court.



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## IMUA Frowns on Truck Cargo Endorsements

Inland Marine Underwriters Assn. has informed its members and members of Inland Marine Insurance Bureau that it is not in the best interests of insurers to endorse motor truck cargo policies providing for notification to shippers before cancellation becomes effective.

Insurers generally discourage the endorsement because of the added bookkeeping and because it obviates the necessity of purchasing shipper's insurance. Insurers point out that it isn't their responsibility to protect the trucker's customer unless the latter purchases the shipper's cover.

## Outlines Requirements of Insurance Manager

William D. McGuinness, insurance manager of Port of New York Authority, outlined the requirements of a corporate insurance manager, in a talk before the insurance committee of the Young Men's Board of Trade in New York City.

He said that a manager must be mature and objective about his own capabilities and must not regard his own viewpoint as infallible. He should prepare a statement of corporate policy regarding insurance to be used as a guide in the future. The manager must also be keenly interested and active in loss prevention and work closely with other staff and operating departments of the corporation.

Mr. McGuinness stressed that the broker, underwriter and the manager must endeavor to understand the problems of the other. The manager is the corporation representative on insurance matters and is not expected to act as an intermediary. If he does, he is not discharging his responsibilities, Mr. McGuinness said.

## Files Appeal on Conviction in Lapeer Farmers Case

LANSING—Clayton C. Gilliland, the moving spirit behind the refusal of insured to pay assessments in the failure of Lapeer Farmers Mutual Fire, has appealed to the U. S. Supreme Court his conviction on criminal conspiracy charges.

Mr. Gilliland is serving a 4½ to 5 year term in southern Michigan penitentiary. The state supreme court refused to set aside his conviction on charges of conspiring to obstruct justice in connection with an incident when law officers attempted to evict a farm tenant who had forfeited the property rather than pay an assessment.

Mr. Gilliland served as self-styled "advisor" to the policyholders in the Lapeer Farmers Mutual case. More than a dozen appeals on various aspects of the assessment were taken to the state supreme court without success, and at the height of the contest two brothers in Lapeer county built a log "fort" on their property to resist eviction efforts.

## Get Out Anti-Auto Dealer Mailing Piece

Mutual Agents Assn. of New York State has published a pamphlet for use by members dealing with tie-in insurance and coercive practices in automobile PHD coverage. Entitled "When You Trade Your Car, Don't Trade Your Insurance Agent," it points to advantages of local agency service and urges auto buyers not to be in a hurry to sign.

The association is recommending that members use this as a mailing piece with their FS-1 certificate of insurance (compulsory), as a stuffer with auto renewals and as a talking piece over the counter and on personal calls.



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## FIELD

### Tennessee Blue Goose Elects Eubank MLG

Tennessee pond of Blue Goose has elected John H. Eubank of America Fore MLG to succeed Robert Harwood of Pacific National.

Other officers named at the annual meeting in Nashville were Marshall Polk of Home, supervisor; B. B. Coats of Hartford Fire, custodian; Edward Martin of American, welder; Ira Jones of Tennessee Inspection Bureau, keeper, and Henry Austin of General Adjustment Bureau, guardian.

### St. Paul F. & M. Makes Three Changes in Field

St. Paul F.&M. has made three changes in the field:

John T. Nichols, who has been in the Maryland-Delaware District of Columbia field since 1936, has been transferred to Minneapolis as state agent, with headquarters in the home office under the general direction of D. A. Swansick, Minnesota manager. Mr. Nichols joined the company in 1934 at the home office and went to the eastern field in 1946.

John A. Barnes, state agent, has been transferred from Albany to succeed Mr. Nichols in the Maryland-Delaware-D.C. territory. He joined the company in 1945 as a field man with headquarters at Albany.

L. H. Clark, state agent, who has been in the Indiana territory since 1951, succeeds Mr. Barnes at Albany. He joined St. Paul F.&M. in 1951 as special agent with headquarters at Indianapolis.

### Kansas Field Clubs Hold Meetings at Topeka

Kansas Fire Underwriters Assn. and Kansas State Fire Prevention Assn. held consecutive meetings at Topeka last week. Both were semi-annual meetings.

B. R. Lothgren, executive assistant of Western Adjustment, spoke to the Fire Underwriters on "Current Adjustment Problems." The public relations committee chairmen, H. J. Schoeppe of Commercial Union and John D. Way of London & Lancashire, reported on exhibits conducted at Topeka Free Fair and Hutchinson State Fair. In both places the exhibit booths were visited by thousands of people and numerous folders and stock fire insurance company materials were passed out to all visitors.

The Fire Prevention Assn. heard an address by Richard E. Vernor, manager of the fire prevention department of Western Actuarial Bureau.

### Ia. Fire Underwriters to Sponsor Forum in 8 Cities

Iowa Fire Underwriters Assn. will sponsor an insurance forum throughout the state on "The Insurable Exposures of a Typical Mercantile Risk."

The forum will be presented in panel discussions, which will be moderated by Robert Aschim, special agent for National Fire, and Earl Fries, assistant manager of American Surety. Cities and dates of the forum are: Council Bluffs, Oct. 23; Sioux City, Oct. 24; Fort Dodge, Oct. 25; Mason City, Oct. 26; Waterloo, Oct. 30; Davenport, Oct. 31; Burlington, Nov. 1, and Ottumwa, Nov. 2.

### Inspect Tecumseh, Mich.

Members of Michigan Fire Prevention Assn., in their inspection Sept. 26 of Tecumseh, made a total of 455 recommendations on 107 risks. A talk was

made to 950 students, and 130 adults attended the Kiwanis Club luncheon, the speaker being Robert J. Moriarty, Michigan General Agency, president of the prevention association.

David H. C. Morris, Great American, and Frank G. Westerman, Boston, were in charge of arrangements. The field men were assisted by 20 Boy Scouts and 7 firemen.

### Cal. Underwriters Told to Consider Good Housekeeper

Good housekeeping should be considered in determining the status of a risk, Ben T. Hannan, general manager of Underwriters Inspection, told members of the Southern California Fire Underwriters Assn. at their meeting in Los Angeles.

Mr. Hannan said that humans were the chief cause of fires, not buildings or materials, and the chances of fire depend on the man offering the risk. He said where good housekeeping prevails the risk is a good one, and he advised his listeners to study the man his prices.

### Ga. Field Club Elects Taylor New President

Stock Fire Insurance Field Club of Georgia has elected Sam E. Taylor of Seibels, Bruce & Co. president to succeed Joseph R. Mangen of American, Herbert E. Broughton of Loyalty group vice-president, George H. Corry of North British secretary and Douglas N. Hubbard of Aetna Fire treasurer.

The club will conduct a fire inspection of Tifton Oct. 11 under direction of Irvin M. Massey of Knights-Rives & Co. of Atlanta and Ben I. Simpson of Crum & Forster.

### Zacharski To Md. Field for Atlantic Group

Paul E. Zacharski has been appointed state agent at Baltimore for Atlantic Mutual group. He will operate in Maryland, District of Columbia and four northern counties of Virginia. He formerly was special agent of U.S.F. & G. in western New York out of Buffalo.

### North British Names Forrester to Ga. Field

North British has named Harold Forrester state agent in Georgia at Atlanta to succeed William D. Mills, who resigned. Mr. Forrester was formerly special agent for America Fore in Virginia. He will work out of the southern department headquarters in Atlanta.

### Palmento To N. Y. Field for Northern Assurance

Northern Assurance has named Joseph Palmento special agent in suburban New York state at Jamaica to assist William Bennett. Mr. Palmento previously was in the home office.

Vermont Assn. of Insurance Agents has scheduled regional meetings on current developments. The first at Bennington featured Edward Brouder, director of Hartford Accident's training center, on the family auto policy and New York compulsory insurance. Others will be at White River Junction Nov. 7, Barre Feb. 6, St. Johnsbury March 6, and Essex Junction April 6.

Mississippi Pond of Blue Goose had 130 ganders and ganderettes at its fall outing. Seven goslings were initiated.

Stock Fire Insurance Field Club of North Carolina will meet Oct. 12 at King Cotton hotel, Greensboro, to hear reports on Fire Prevention activities.

### Wilde to N. J. Field for Mass. Bonding

Massachusetts Bonding has appointed Robert H. Wilde special agent in northern New Jersey. He has been a field man for Maryland Casualty in Indiana. His father, R. R. Wilde, is executive vice-president of Corroon & Reynolds.

### Atlantic Mutual Names Ford in New Jersey

Atlantic Mutual has appointed William S. Ford as marine special agent in northern New Jersey at Newark. He was formerly special agent for Fireman's Fund in northern New Jersey.

## A & S

### 300 Attend Celebration of 70th Anniversary of North Amer. Accident

More than 300 agents and their wives from all parts of the U.S. participated in North American Accident's 70th anniversary conference at Chicago recently.

The keynote address, "Looking Backward—and Looking Forward," was delivered by Jacob L. Fox, chairman, who traced the history and progress of North American from its founding as the North American Accident Association. Mr. Fox mentioned that it was the late A. E. Forest Sr., founder and a former president, who drafted and helped secure passage of the original statute permitting the organization of a casualty company in Illinois. At the same time, Mr. Fox drew a comparison of the company's total A&S premium volume of \$250 in 1890 to an excess of \$14 million and \$150 million life in force in 1956. He also sketched future expansion plans, including further extension of its quarters at 209 South La Salle street, the home office address for 66 years.

Also attending as special guests were retired agents and home office personnel, whose service in some instances spanned 50 years or more. They and the agents were welcomed by S. Robert Rauwolf, vice-president and agency director and Hazel E. Boostrom, secretary.

Highlight of the celebration was the awarding of 21-inch color TV sets to top producing agents as well as black and white portable sets to runners-up. Sixty 8 mm movie cameras were also among awards given to qualifying producers.

Anniversary activities also included a golf tournament, a tour of Chicago's merchandise mart, luncheon at the Kungsholm restaurant, a home office tour and a recital by North American's choral group.

### Mutual of Omaha Eastern GAs Elect Long Chairman Benefit H. & A. and United

D. A. Long, general agent for Mutual Benefit H.&A. and United Benefit Life at New Haven, was elected chairman of the companies' Eastern General Agents Assn. during the annual convention at Castle Harbor, Bermuda. Mr. Long succeeds Gordon McCown of Manchester, N.H. Leo McManus of Pittsburgh was elected secretary.

The program for the three-day meeting consisted of discussion groups led by various members of the association on specific problems of agency

management. Principal topics included recruiting and training, incentive bonuses, advertising and conservation.

### Mich. to Study Extending Blue Shield Benefits

The Michigan State Medical society has authorized creation of a special committee to study the possibility of extending Blue Shield activities to care outside of hospitals.

An 11-month study of the tentative plan is to be undertaken, with the committee co-operating with Blue Shield executives. Authorization for the study was provided in a resolution adopted which asks that the committee "explore the possibility of a comprehensive pre-paid deductible and/or co-insurance contract" covering home medical or surgical care.

### Va. A&H Assn. Honors Leading A&S Producers

Awards to qualifiers for Leading Producers Round Table of International Assn. of Accident & Health Underwriters were presented at the first fall meeting of Virginia Assn. of Accident & Health Underwriters in Richmond.

Plaques were awarded to Clyde H. Carter, Charles Fields and St. George Grinnan Jr., all of North America Assurance of Virginia, Robert Hines and Marcell Piller, both of Mutual Benefit H&A and Fay F. Cline, Travelers. H. Stanley Marmaduke, Atlantic Life president of the association, introduced committee chairmen who discussed plans for the year.

### DITC at Detroit

The first disability insurance training course to be held in the Detroit area will be opened Oct. 19 in the offices of Detroit Mutual. It is sponsored jointly by International Assn. of A. & H. Underwriters and the Detroit association. Frank Forti, field supervisor of National Casualty, will be in charge.

### A&S Ad Code Hearing in Ohio October 26

The Ohio department will hold a hearing Oct. 26 at Columbus on proposed rules for governing advertising of A&S insurance. The regulations have been in use since January, but have not been binding on the companies.

### Publish Uniform Terms for Surgical Claims

Health Insurance Council has published a 58-page booklet of uniform terminology to be used in identifying surgical procedures under surgical expense insurance.

The booklet, *Surgical Procedures Classification and Nomenclature*, is primarily a guide for insurance people handling A&S policies and does not attempt to set up a set of fees to be charged for operations. Copies are being sent to member companies of the insurance trade associations comprising the council's membership.

The booklet is designed to help expedite claim payments under surgical expense contracts, and its standardization of terminology and classification also can be used by underwriting departments. Assigning a numerical code to the various procedures, it also may be adapted for statistical analysis.

The guide was compiled by the council's technical advisory committee headed by Morton D. Miller, associate actuary of Equitable Society, after consultation with a committee of the council on medical services of American Medical Assn. Copies may be purchased for 75 cents from Health Insurance Council, 488 Madison Avenue, New York City.



## PENNSYLVANIA AGENTS' ANNUAL

## Safeco Gets Only 10% from Bureau Insurers, Wood Reports to Pa. Agents

The sources of Safeco business were presented to Pennsylvania Assn. of Insurance Agents at its annual convention in Bedford by Thornley B. Wood, chairman of the casualty and surety committee. Mr. Wood, who is president of Insurance Agents & Brokers Assn. of Philadelphia & Suburbs and a member of the governor's committee to study the problem of the uninsured motorist, reviewed a number of current problems of the business.

Because Safeco introduced the continuous policy-direct billing idea in automobile business on the west coast about two years ago, and because it wrote \$12 million in premiums in 1955, Mr. Wood wrote chairman H. K. Dent of that company.

Mr. Dent replied that "we made a very careful survey and analysis before organizing Safeco—in fact, for about two years, during which time we had a crew examining the experience of all companies, especially the direct writers, going into the offices of Allstate, Farmers of Los Angeles, State Farm, and Nationwide.

"We decided the only way to compete with them was to build a machine that would work as efficiently and be as attractive to the consumer as theirs. This did not necessarily mean that we had to meet their rate because we felt with the advantages we had of writing through the local agent, if we could come somewhere near their cost, we could get the business.

"You asked the source of the \$12 million we wrote in Safeco last year, whether it originated from all new insured, transferred from direct producers or from bureau companies at lower rates. We make periodic checks of the business and find it now is running quite uniformly. The last check I have before me is for the northwest division, where Farmers of Los Angeles is more active than it is in the east. It shows that 14.8% of our business came from the Farmers, 14.1% from Allstate, 15% from State Farm, 6% from other direct writers, 9.7% from the bureau companies, 29.2% from the independents, 11.2% from the mutuals. These percentages are solely on business taken from other companies and represent 57.3% of the total business written by Safeco during the period. About 15% of the business was new business never written by any carrier before. The balance of about 28% was business previously written in the General America companies and transferred to Safeco, including Safeco lapses that were renewed."

Mr. Wood called attention to the fact that only 10% of Safeco's \$12 million in premiums came from bureau companies. This is proof indeed, Mr. Wood commented, that price is by no means the only factor.

Note also, he said, that 15% was new business never before written by any companies. Any agent would have been most happy with a 15% increase in automobile volume. It was out there, "but we did not get it."

A year ago at the Pennsylvania convention, Mr. Wood presented a comprehensive study of economy auto plans. At that time, he recalled, seven companies had announced a plan of Safeco type. Now about 12 companies are in the scramble, he said. Of these American Associated, Massachusetts Bonding, and Connecticut Indemnity are so recently entered that nothing

definite can be reported. Several others operate this special plan in certain areas only, for example Boston Indemnity in New York and Eureka Casualty in Ohio where it is still on a trial spin. A number of others such as Sea, Fire & Casualty of Connecticut, Ohio Casualty's Wamco, and so on, report rather indifferent results. Certainly these results have not been electrifying, he said.

Calling attention to the fact that several leaders of the business have urged the need of agents making their services readily available to the public in accord with the general trend in suburban, shopping-center living, Mr. Wood suggested the need of a new sales approach and the development of a facility that will put agents in the neighborhood of more customers.

As a possibility, he recommended that the association's executive committee study the idea of organizing Pennsylvania Assn. of Insurance Agents Insurance Agency, to be owned by members. The objective would be to provide a convenient market place for prospects to buy insurance, particularly personal and automobile, in competition with cut rates. Space could be obtained in shopping centers, food markets, or similar locations where large numbers of persons go with money to spend.

These locations might be manned by members voluntarily serving on an equitable basis. Perhaps a plan comparable to the assigned risk setup could be developed to apportion this business among the companies supporting such an undertaking. Agency companies might pay general agent's commission so the agency could offer a choice of companies to applicants. If applicants had no company preference, the representative in charge would decide, or business could be allocated in rotation to companies agreeing to support such a program. Facilities of the assigned risk plan would be available.

If the applicant mentioned the name of a member of the association as his agent or broker, the agent in charge of the PAIA agency would advise him to continue with his present producer. If the agent or broker named was not a member of PAIA, the agency could proceed to arrange the insurance. Locations could be manned by regular employees under a contract which would include an agreement that if they left the agency they would not enter the business for three to five years.

Surveys show that there is an army of potential buyers patronizing shopping centers and food marts who are for the most part not being reached now by local, independent agents, Mr. Wood said. He called attention to a survey conducted for the Philadelphia association by Women's Insurance Society of Philadelphia which proved that one-third of all those interviewed were not regularly contacted by agents, and that 75% of those interviewed were homeowners.

Mr. Wood said that among other things, ahead for the business is rapid and widespread adoption of the Michigan road aid plan into the eastern states with emphasis on aid to insured requiring assistance at night and an expansion of the present accident prevention features of the Michigan plan;

marriage of life companies with fire and casualty groups; combining automobile with homeowners, which is helpful in competing with some of the direct writers; combining comprehensive personal liability with automobile; participating workmen's compensation, and saving typing time by omitting the designation of street, avenue, etc.

He wondered how many top insurer executives can say with positive conviction that their organization, home office and field, is so closely knit and efficiently manned that if new management took over, the new management could not possibly effect expense savings totaling thousands of dollars with new ideas, changes, curtailments, and so on.

## Appraisal Can Take Agent Off Hook in Adjusting Fire Loss

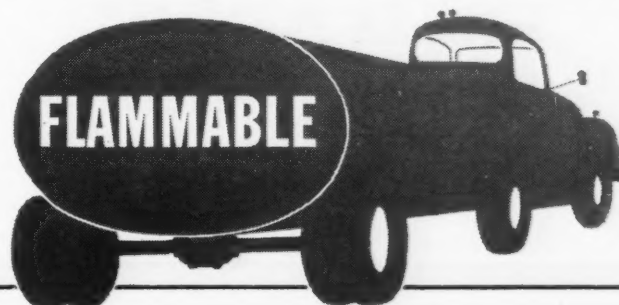
An appraisal of building, contents and equipment is in the best interests of both the client and the agent and many times takes both off the hook in setting values, Clement H. Darby, district manager of Marshall & Stevens, Philadelphia appraisal firm, declared in a talk before the annual convention

of the Pennsylvania association.

Even though the client is required to present authentic proof of loss in a fire, the job usually falls on the agent, Mr. Darby said. At best he supervises its preparation. Should there be no proof of loss, many times insured passes the buck to the agent and blames him, he pointed out.

No matter how good the agent's insurance program is, it is completely inadequate if the values aren't correct. It isn't the agent's job to sell an appraisal direct but rather to present the advantages of one and act as a medium between the client and the appraiser, Mr. Darby commented. Once the appraisal has been made, the agent should be supplied with a copy, and, as the cover comes up for review, he said the agent should also review the appraisal and make suggestions as to upkeep etc.

In selecting an appraiser or an appraisal company, Mr. Darby listed as the most important considerations fee policy, experience in appraising similar properties, quality and experience of field men, promptness of commencing and delivering the appraisal, and service to the agent and client.



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## Knowlton Analyzes State vs Federal Regulation

(CONTINUED FROM PAGE 3)

words, in spite of the fact that it has accomplished what it was empowered to do by statute, namely prevent unfair practices, FTC still persists in punitive action. To me this means only one thing, and that is that there are certain members of the commission and its staff who are more interested in the headlines which they can get out of prosecuting insurance companies and the additional power they can get out of assuming control on the federal level than they are in working sympathetically and cooperatively to the end that the unethical methods admittedly practiced by a few be terminated. It is inconceivable to me that the commission realizes the amount of damage it has done to the good name of the insurance business by handling this matter the way it has. The insurance industry does not handle a product which can be seen, felt, or tasted by its customers. It is dealing with a promise to pay in the future, and its principal asset is the confidence the public has in its product, its agents, and its companies. To destroy that confidence by big headlines and needless prosecutions for the purpose of stopping questionable practices by a few can and has caused untold damage to the industry as a whole.

The problem we are discussing is nearly always referred to as state regulation vs federal regulation. It presupposes exclusive regulation of insurance either by the states or by the federal government, and is therefore inaccurate. I cannot conceive that the states will ever lose their right to supervise and tax insurance. What we are really talking about is the possibility of dual control, that is supervi-

sion by the states and by the federal government. This sort of control now exists in connection with supervision of the railroads and the public utilities. These, however, are in the nature of monopolies. The type of competition which exists in insurance does not exist in these industries. Sometimes when people connected with insurance get discouraged by what they consider the complexity of satisfying a number of state insurance departments and express themselves in favor of federal supervision, they forget two things: First, that it is relatively simple to satisfy the states by conforming to the requirements of the most rigid state in which they do business; and second, that they will be in a worse position trying to comply with dual control, on one hand at the state level, and on the other hand at the federal level. There can be no question that the regulation of insurance by the several states is in the public interest. This sentiment has been expressed over and over by eminent authorities and by Congress itself. To handle it otherwise would subject the business of insurance to added expense, to confusion and red tape, and give more and more control to federal bureaucracies which are not close to the people. The intricate problems of state supervision so closely affect the people that intimate contact with them on a state by state basis is a necessity.

In the matter of expense, consider the question of taxes. If there is to be any measure of federal supervision, it certainly will follow that a federal tax will be imposed under the guise of paying for this supervision. Not only will this add to the expense of doing business, and, incidentally, increase the cost of insurance, but in my opinion, it will ultimately reduce the amount of taxes which can be collected by the states. There comes a point when taxes become an undue burden upon an industry. If the sum total of the federal and state taxes reaches the confiscatory stage, then one of the agencies must reduce the amount of taxes imposed. Every precedent available indicates that any such reduction would be bound to come from the states, and so I feel safe in concluding that dual control would most certainly result in an impairment of the revenue received by the states from the business of insurance.

The question naturally arises as to what the industry and the states can do about the predicament in which they find themselves because of this movement to encroach on state regulation. The obvious answer is to fight the movement on every front in every possible way. To be more specific, with particular reference to the activities of the FTC, industry as represented by its trade associations and the states as represented by the insurance commissioners and their attorneys general should present their views in every case which is appealed to the courts affecting the exclusive right of the states to supervise insurance. Of course care should be taken not to get involved in the merits of any individual case but to confine such briefs as may be filed to the presentation of issues involving jurisdiction of the FTC and the preservation of exclusive supervision to the states. Steps of this sort are already being taken in connection with the case against American Hospital & Life.

Legislative action is also being contemplated. If it is still the sentiment of



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Congress that regulation of insurance by the states is in the public interest, and I have no reason to believe this sentiment has changed, and if there is any doubt about the intent of Congress as indicated by the McCarran act, then it may be desirable to ask for clarifying legislation. While the meaning of the McCarran act is plain to me, the effect of the words used in that act have been questioned by the FTC. If it needs a clarifying act by Congress to make the commission stop its grab for power, then such an act should be proposed, although I cannot for the life of me think of any other words which would make it clearer that Congress intended to oust the FTC of any jurisdiction over matters which the states have the power to regulate than those used in the act. Certainly at the time the McCarran act was passed no one had any doubt about its intent. Of course, if the legislative approach is used, it becomes more of a political issue than a legal one. By political I mean a matter of the principle to be applied to the division of powers between the states and the federal government. In fighting for a political principle, the rules by which you fight are not quite as restrictive as the rules under which you fight in court. Tactics could be pursued to accomplish the desired end involving collateral issues. For example, efforts could be made to eliminate from the FTC budget the funds needed to press the prosecution of all the pending cases.

With reference to these other tendencies to encroach on the right of the states to regulate the business of insurance, we must be eternally vigilant and constantly watchful. The operations of the federal government are so large and involve so many bureaus that it is impossible for an insurance commissioner, even if he could take time out from his own duties, to catch every attempt to encroach on state regulation. Idea sars constantly spawned in the minds of bureaucrats which, if fully born, would have a serious effect on the insurance industry and duplicate some phases of state regulation. Sometimes we catch them too late to counteract them effectively. If an effective way could be developed to meet the expense, I would recommend to NAIC that it employ a full-time attorney in Washington whose duty it would be to watch these developments and bring them to the attention of the association.

Another way to prevent federal regulation and certainly one not to be overlooked is to raise the quality of state regulation and thus remove any demand, however ill-founded, for federal regulation. This can be done in a number of ways, one of which is to secure the passage in each state of every bit of legislation needed to give the commissioners the tools they need to effectively regulate. Great strides have already been made in this direction. Much of the legislation to which I have referred elsewhere has already been adopted and continuing efforts are being made to search out all possible gaps in state regulation and plug them.

Still another way to remove any possible demand for federal regulation is to strive for the better administration of laws we now have. With the administration of state laws in the

hands of 48 commissioners of varying capabilities, there are bound to be differences of opinion as to how the laws should be administered. These opinions can run all the way from overzealousness resulting occasionally in attempts to interfere with management, to indifference resulting in inadequate supervision. NAIC is constantly attempting to encourage uniform legislation among the states and uniform practices and procedures by the departments. These efforts have made it easier to live with state regulation and have improved its quality.

Of course no amount of effort along this line can guarantee that every state at every minute will have the highest type of an administrator which not only the public but the industry deserves. As long as insurance commissioners are in some instances appointed solely to repay political obligations and as long as the pay is inadequate to attract capable men, there will be cases where the quality of administration in a particular state suffers. There are too frequent changes in commissioners. The responsibilities of that office require the supervision of a technical and complicated business which is becoming even more so and make it essential that a commissioner be permitted to serve long enough in office to get that degree of experience necessary in order to give the ultimate in value. I believe it is a disservice to state regulation to require a department to operate under a law making the appointment of its head concurrent with the term of the governor, which is in most cases two years. When rapid political changes occur, the commissioner is not in office long enough to have a chance to demonstrate his full capabilities. There is a definite need to increase the average term of office of insurance commissioners and provide more continuity in such positions.

Much of what I have said indicates that the insurance commissioners and industry are alive to these problems, the solution of which will ultimately determine whether we have state regulation or state and federal regulation. When I refer to industry in this respect, I mean the trade organizations which operate on a national basis to one of which nearly every agent, broker, or company in the land belongs. I mention this because these associations are alive to what is going on and are constructive in their thinking. Their decisions are usually based on what is for the good of all. Unfortunately, this is not always true with reference to local segments of the industry, which on occasion have been known for selfish interests to prevent the enactment of laws and the promulgation of rules and regulations which are really needed for the preservation of adequate regulation.

### Johnson New President of Indianapolis Board

Thomas P. Johnson was installed as president of Indianapolis Insurance Board at the annual election and installation meeting. Theodore M. Pruyn is the new vice-president, and Harry Wheeler retains his position as secretary-treasurer. Glenn Findley is the retiring president.

New board members elected include William L. Leppert, Thos. J. Connor Jr., and Richard Lawrance.

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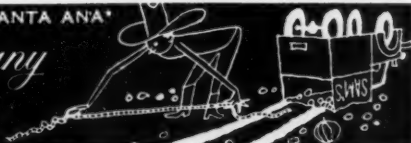
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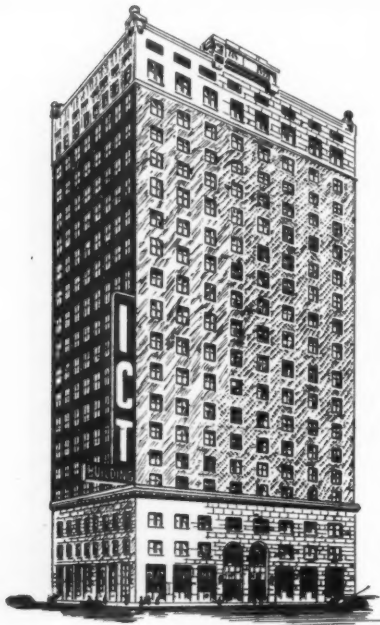
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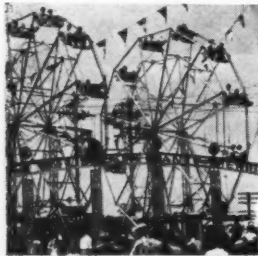
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## Gives Bureau View of Auto Situation

(CONTINUED FROM PAGE 1)

under the compulsory law will be determined by the action of the New York insurance department and not by mere words of intent" as set out in the legislation. That provision expresses the intent of the legislation to achieve the purpose of the compulsory law through private enterprise operating in a competitive market.

"But," Mr. Leslie added, "our experience with the department over many past years gives us grounds for assurance that the legislative intent will be observed and that our rate filings will be treated strictly on their merits. We trust that this optimistic outlook will not turn out to be mere wishful thinking."

He suggested that the agitation for compulsory has gained momentum as the result of the New York law. Assn. of Casualty & Surety Companies is continuing its opposition to compulsory insurance, he said. While it is opposed to unsatisfied judgment funds, it would prefer something like the New Jersey setup if legislation in this field cannot be avoided. Producing forces are opposed both to compulsory and UJF. They are more and more pleading for a form of uninsured motorist coverage such as that put into effect in New York last October by most companies in an effort to stop compulsory. American Mutual Alliance, he noted, had taken a position favoring a form of compulsory which is termed "equal responsibility." All this creates a hectic and confused situation, the outcome of which he did not care to predict.

In the area of rating, he said that for 1955 the countrywide underwriting loss for the 136 member companies of the bureau was .7 of 1% for bodily injury and property damage combined. Comparable figures for 1953 and 1954 showed underwriting profits of 1.6% and 5% respectively. In California bureau companies had a 1955 BI-PDL underwriting loss of 1.2%, compared with a 10.5% profit in 1953 and 7.5% in 1954.

However, on the basis of present rates, the results for the three-year period would have been practically an even break, he said.

Describing the rating procedure, he said it takes two calendar years to obtain complete experience for all policies issued in a particular year since for all third party cover the statistics are compiled on a policy year basis—the losses are related to the policies under which they are incurred. However, he added, in the case of automobile BI written on a specified car basis,

it has been found practicable to bring the experience closer to date by obtaining a report for the incomplete policy year at the end of the first 12 months. This incomplete year is projected to an anticipated complete policy year by factors based upon average developments in similar experience for prior years.

Beginning with 1953 the bureau has used a system of punch card reporting under which losses paid in each month are reported within 45 days of the close of the month, losses outstanding at March 31 are reported by May 15, and exposures and premiums are reported quarterly within 60 days of the close of each quarter. This is designed to enable the bureau to make an annual compilation on a policy year basis, with incurred losses valued as of March 31, or three months after the close of the year, and periodically throughout the year to prepare quarterly tabulations of average paid losses and claim frequencies to determine current trends.

This is not an easy task, the companies have their own problems, and the bureau cannot close its books on the due dates but must keep them open for 30 days or more to obtain delayed reports from those unable to keep up with the schedule. Compilations involve the handling of millions of punch cards and the preparation of exhibits in suitable form for rate revision in turn involves a host of calculations. Consequently, the policy year data is not ready for review until the late fall of the year in which they are reported.

The bureau reviews the loss experience annually for each state and tries to make necessary rate adjustments effective as nearly as possible on the same anniversary date each year. It also reviews the expense experience periodically to keep expense provisions in line with current indications.

Because a very large proportion of auto insurance combines both liability and physical damage in a single policy, there has developed a high degree of cooperation between the bureau and National Automobile Underwriters Assn., he said. The two are trying to develop uniformity in all matters common to the two kinds of insurance and one that is comparatively simple to accomplish is uniformity in date of private passenger car rate revisions.

It would be impossible—and anyway unwise—to predict rate changes in prospect, he said. However, rates are

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based upon a careful analysis of policy year indications, supplemented by a review of the current trends of average claim costs and claim frequency. Coupled with the revision is an adjustment of relativities between classes in the private passenger classification plan. Most significant of these is a substantial relative increase for male drivers under age 25 who are owners or principal operators.

"Despite all the publicity that has been directed to the bad driving records of these youthful operators," he said, "there has been no improvement in their experience and in fairness to other risk categories, their rates must be made more nearly commensurate with the cost of providing them with insurance."

Experience for rate revisions is that reported to the bureau by members and subscribers, except in a few states where, by law or administrative edict, rates are based upon a broader experience combination. In such states the experience of all companies is reported on a basis that permits combination by class and territory for rate making purposes, and the resulting rates are generally uniform for all insurers except as they seek and justify a uniform percentage deviation.

There has always been a high degree of competition in the automobile insurance field, he observed. Consequently it has been necessary to be constantly on the alert to devise rating plans that will properly evaluate distinctive classes of risks and to broaden coverages in keeping with growing needs of the insuring public.

"But the striking competitive development of the last few years has been keyed to a difference in marketing methods. Pitted against the companies operating under the agency system are the so-called direct writers that operate through exclusive agents performing just selling service, for which their remuneration represents a substantially reduced production cost measured as a percentage of premiums. This in turn largely accounts for the reduced rates at which the coverage is sold. These companies are aggressive in their efforts to obtain business, but at the same time are in a position to be as highly selective as they please. The phenomenal growth of these companies has of course coincided with the great increase in the number of insured automobiles. But the important fact to keep in mind in this connection is that agency system companies have not shared proportionately in this increased business, he said.

"If we don't find some helpful answer, we may look forward to the day when our volume will decline and we will cease to be the important factor in the business that we still are today," he asserted.

A number of companies have made available to agents an alternative

method of writing business through a subsidiary which offers reduced rates to insured as a result of reduced commissions to the producer, six months continuous policies, cash on the barrelhead and direct billing. A few bureau subscribers have embarked on this course under programs that qualify as a uniform percentage deviation from bureau rates. The deviation applications for filings have been made on behalf of a subsidiary company, all of whose business is to be written at the deviated rates.

However, he said, this does not mean endorsement of the program by the bureau, as such. The decision to use such an alternative program, through the device of a subsidiary company, is strictly a matter for individual company determination and details of its actual operation, so important in the concept of the program, are matters of purely company administrative policy.

The rating laws do not permit the bureau to pick and choose subscribers, he said. Any company is entitled to become a subscriber as long as it abides by reasonable regulations approved by the state regulatory authorities. In practically all states, members or subscribers may apply for uniform percentage deviations from bureau rates. Thus far no members have applied for deviations, except in one minor instance for an upward deviation in the malpractice line, and in appreciation of this solidarity among bureau members, those companies that have elected to qualify a subsidiary under the deviation procedure have transferred from membership to subscribership.

Bureau companies believe in the agency system and are concerned to see that the independent agent retains his place in the sun, he declared. But that does not mean that both agents and companies can close their eyes to what is going on in the business and hope that all will work out satisfactorily in the long run. The bureau does not profess to know the answer to this problem but feels that steps should be

taken now to try and find the answer. Hence, the independent survey among automobile owners and agents to get an unbiased report covering all facets of the marketing problem.

The work of the firm of Stewart, Douglass & Associates was started in June of this year and the final report will be submitted in early November,

he said. The firm has a completely free hand, and the bureau, together with two national producers' organizations that have continued to cooperate in the program hope the results will permit joint discussion between companies and producers of common problems on the basis of facts rather than preconceived opinions.

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the public, for such a decision to be reached without thorough and careful consultation with them by individual companies, he added. Consultations of this nature would be greatly simplified if the former machinery relating to commissions could be rescued from the moth ball fleet created after the enactment of public law 15 and be recommissioned in and for the public interest.

In a business where solvency is of the essence and the ceiling of rate regulation governs the selling price of the product, it is neither good sense nor in the public interest to invalidate united action, the fundamental purpose of which was to help peg costs at the lowest level consistent with the solvency of the seller and the just remuneration of the intermediary.

Apparently referring to the former acquisition cost conferences, Mr. McKell said these organizations were by no means cartels aimed at maintaining high prices through monopolistic practices. Quite the reverse, as the record shows, he said, and their restoration would constitute a tremendous contribution to the stability of all elements of the business and be in the public interest.

Neither is it in the public interest for those in company ranks to fail to take every opportunity to reduce all other operating expenses. Commissions are not the only concern. Companies must be alert to eliminate feather-bedding at every level. De-centralization is important, but companies should not hesitate to re-centralize to take full advantage of the fabulous strides made in electronics and machine accounting. The competition of free enterprise would force these things upon the business, even if stockholders, policyholders and producers did not, he declared.

Commenting on the transition of the business from the selfish consideration of private protection for the few to the doctrine of wide protection for the many, Mr. McKell said it could not have succeeded without the ingenuity, the integrity and the industry of those who emerged during the evolution of

the business, the producers. From the largest cities to the smallest hamlets, they serve as the trusted go-betweens for the companies which take the risk and afford the coverages on the one hand, and for the public which demands or requires the protection on the other.

It would be impossible to find a community today where these watchdogs of prudence are not occupying leading roles in the civic, cultural, humanitarian and economic pursuits of their fellow townsmen, he declared. In the conduct of their own lives and affairs, they function in and for the public interest. The companies and the individuals comprising their ranks, have also made, or tried to make, just as good a score for the public good.

But there are things to be done, and if they are, he indicated, the business will possess its future.

UJF and compulsory, Mr. Cochran said, tells the citizen that this business is more interested in guaranteeing him monetary compensation than in protecting his loved ones from death or injury by a financially irresponsible motorist. Compulsory, of course, has its notable weaknesses—other state uninsured, motorists driving without owner's permission, etc., and inescapably will lead to entry into the business by the state.

Mr. Cochran urged universal driver training for youngsters and establishment of adult driver education, especially among those who never emphasized the need of firmer traffic law enforcement and issuance of probationary licenses to all new drivers but particularly teen agers.

### Hazel N. H. Operations Chief of Hartford A.&L.

Hartford Accident has appointed George Hazel supervisor of operations in New Hampshire at Manchester.

He joined the company in 1921 in the home office burglary department. He became assistant superintendent of plate glass and an automobile underwriter. Since 1940 he has been a special agent in New Hampshire.

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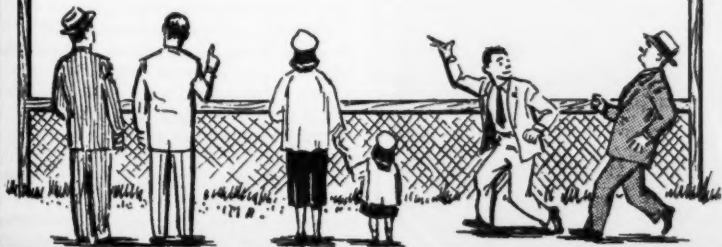
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## Wis. Agents Oppose Fictitious Groups

(CONTINUED FROM PAGE 5)

difference in rates was blamed on the commissions paid to independent agents. "This difference," he said, "especially in Wisconsin, can no longer be the fault of the commission scale. It is too great and often more than our entire commission. Perhaps it is high time to examine rating laws and the methods which permit such a wide divergence of premium costs for the same protection. I am not opposed to a competitive rating law, but somewhere along the line, someone is far off base. And if the only way to correct this evil is revision of our present rating law, it behooves us to see that this is done at once."

Following the report of Mr. Timm, the Wednesday morning session was built around the theme "Self-Appraisal," featuring talks by Robert Osler, vice-president Rough Notes Co., H. E. McClain, executive secretary Indiana Assn. of Insurance Agents, and A. M. O'Connell, vice-president of the Thomas E. Wood agency, past-presi-

dent Ohio Assn. of Insurance Agents, former chairman Midwest Agents Conference and former NAIA executive committeeman.

Mr. Osler compared the present situation of the American agency system to that "of a fighter on the ropes." And like a fighter in that position, he said, the only thing for agents to do is get up and fight.

"Some of the blows which have put the American agency system on the ropes," he said, "are delivered by government competition, government interference, direct writers and cut-rate companies and fringe insurers." He listed some of the areas in which the state and national governments are in direct competition with private insurers and pointed out that "this form of socialism is raved about in the federal government while most people forget that socialism can enter at the state level also." As examples of state competition, Mr. Osler pointed out that 18 states have state funds for workmen's

compensation. Seven are monopolistic and 11 competitive in theory only. He added that four states have compulsory disability and sick-benefits laws. He criticized the social security administration for the cut it has taken of the life insurance market and for edging into the A&S field through the new disability coverages.

Government interference, he said, stifles development of sales with rigid rules and red tape and attempts to interfere with the commission system, while the American agency system sits back and points to public law 15 as though it were a "Magenot line." He said that Congress can repeal the law at any time and expressed the opinion that the Federal Trade Commission is trying to prove that it should be done.

Competition from direct writers and the cut-rate appeal will not "just go away," he said. Direct writers have been given a big boost by government interference in the auto field as a result of financial responsibility laws, which force people to buy insurance. "They aren't concerned with quality—only with fulfilling the requirements of the law, so they buy the cheapest insurance that the law allows."

He cited Blue Cross and Blue Shield as the most dangerous of the fringe insurers. They are an enemy of the American agency system, he said, because they do not offer an agency contract and are therefore direct writers. Much of the appeal in their advertising and selling tears down competition and by constant stress on non-profit, they continually malign the profit system.

The reason the agency system has been pressed to the ropes, he said, is not because the forces and organizations accomplishing the squeeze are dynamic or willful, but because they are fluid. "Because they are fluid, they can easily flow into the vacuum which has been created by lack of a whole-hog job by members of the American agency system." Agents, he said, are not doing the selling job they should be doing to regain their share of the increased national income.

"To get off the ropes," Mr. Osler suggested that agents use advertising aids made available to tell the public the story of the agency system and that they get out and tell clients about new forms and coverages made available by stock companies. "Quit grouching about changes and take advantage of them to show clients that you have the latest in coverages; quit spending so much time trying to take business away from other agents and concentrate on getting new clients from outside the circle; call on one prospect a day who doesn't have a policy with your agency and try to get him to buy something as a starter, and ask for contents coverage, get increased insurance to value coverage and show multiple peril policies on each renewed dwelling policy."

Mr. McClain said that, despite the gloomy predictions of many people,

the American agency system is not doomed, but, by the same token, some of the people in it are certainly doomed. The hard facts of modern economic conditions and competition are already at work. He said it is no secret that during the last three months the Indiana association lost more members than it did during the last 10 years—not out of any apparent dissatisfaction with the services of the association, but simply because an unprecedented large number of agents have gone out of business. He said he does not regard this as a bad development, from a long range view point, but it certainly should be kept in mind by every intelligent agent. There is a scarcity of really good agents in every state and every community, and both the insurance business and the public need more good agents. He said he knows it is as true in Wisconsin as it is in Indiana that the really good agents do not complain about competition and he cited several examples of agents who, on the surface, have nothing in their favor, but who have shown phenomenal increases in business in recent years simply because they got out and worked.

Mr. McClain got a laugh out of his audience when he disparaged the value of himself, Paul Mast, secretary of the Wisconsin association, and other state association secretaries by saying they could be dispensed with if agents would only do their own work. After all is said and done, he emphasized, there is only one valid reason for joining a trade association—to get results from organized efforts which would be impossible for anyone to accomplish as an individual. That is the major legitimate function of trade associations. Mr. McClain said, but at the same time many agents show the almost universal desire of Americans to hire people to do work which they could do better themselves. Members of the Indiana association are almost unbelievably prompt and conscientious in paying dues, but, when they are asked to take part as individuals in reaching members of the legislature, they too often turn out to be too busy. Mr. McClain urged the Wisconsin agents to remember that Mr. Mast, like any trade association secretary, could not possibly do by himself all the things his members would like him to do and asked each person to carry his fair share of the load in the common enterprise.

Mr. O'Connell repeated the theme that there is nothing wrong with the independent insurance agents which a little more work will not cure. He said too many agents are afraid or ashamed to regard themselves as salesmen and fall back upon high sounding terms like "consultants," "advisors," and the like, while their direct writing competitors admit they are salesmen and go out and sell. He suggested several sure ways to lose business, including never working more than 35 hours a week, in contrast to the 52 hours or more which captive agents are compelled to work; renewing policies automatically and mailing them to customers with form letters or printed notices; never seeing customers face-to-face; sending lengthy letters full of unintelligible technical terms to customers and assuming that any customer who has purchased any sort of policy from the agency is immune to seduction by a competitor. He said he is convinced that a high proportion of competent agents are truly too busy to see all the

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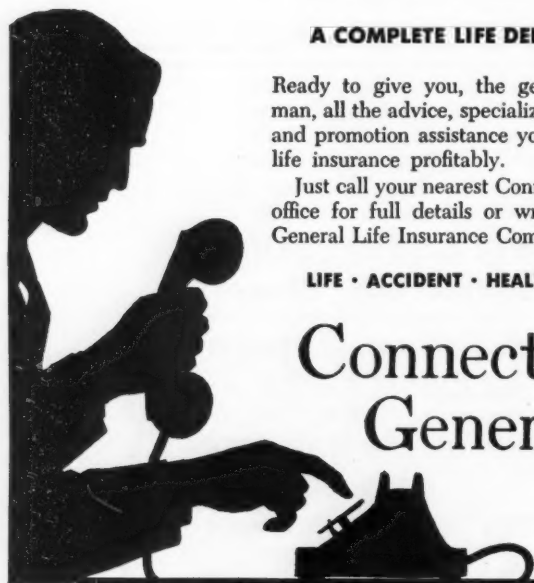
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customers and do all the selling which is needed. Unfortunately, too many agents still cherish a horror of letting anyone else have a look at their business. As a result they have failed to take on associates and thus have left their actual and potential business wide open to direct writing competitors. He urged agents, for the good of everyone, to get away from this short-sighted policy. No sales organization in any line of business—decidedly including direct writing insurance organizations—has been able to expand without taking a calculated risk along these lines. Mr. O'Connell said the experience at his office indicates that the risk is by no means as serious as many people fear. The Wood organization has 12 active producers calling upon established clients of the agency. Over the years, that organization has lost only one man, and that under most friendly and agreeable circumstances. Mr. O'Connell also urged his audience to stop worrying about price competition. He said his experience is that he always seems to be high on price—and usually a lower quotation comes, not from a direct writer or a captive agent, but from a highly respectable local agent. He said it is easy for anyone to assume that his price is too high, but that any independent agent should remember that he will never be able to quote the lowest price as long as he is dealing with one or more insurance companies which recognize and respect his status as an independent insurance agent. If an agent wants to be able to sell on a price basis, he had better get out of the agency business and ask some direct writer to sign him up as a captive—and, even then, he will surely find he still has price competition.

At the closing luncheon Wednesday, Commissioner Rogan hedged on his attitude and that of the Wisconsin department towards compulsory insurance. He said that the problem of the uncompensated automobile accident victim is a major one in Wisconsin, as everywhere else, and a 1955 resolution of the Wisconsin legislature called for conferences with insurance interests to devise the most equitable method of meeting this problem. Mr. Rogan said that his department is now developing a questionnaire to be sent to all the other states, asking for information on what has been done and ideas on what is being proposed, and he hopes to be able to make a positive and well documented recommendation to the 1957 legislative council. Reviewing the various proposals, Mr. Rogan made it clear that he has been well impressed with the unsatisfied judgment fund in New Jersey and does not like the Saskatchewan automobile compensation plan, which is coupled with a monopolistic provincial insurance fund, but he carefully avoided committing himself on any position, pro or con, about compulsory insurance.

Mr. Rogan reviewed the history and functions of the Wisconsin department, pointing out what has happened during his administration about such matters as fire insurance rate filings, admission of foreign companies, A&S advertising and coercion of insurance. He got an enthusiastic reaction from

his audience when he said he is completely opposed to federal supervision of insurance and it is his ambition to make the Wisconsin department so effective that there will be no need for any such move.

E. F. Gallagher, Chicago manager of Planet, was the featured speaker at the closing luncheon. Reviewing the program of the preceding two days and calling it the outstanding state insurance agents program, Mr. Gallagher said that, after all is said and done, agents would have no problems if they would simply apply everything they have been told during previous sessions. He said that figures can be cited to prove that either agents and their companies are making phenomenal accomplishments or are doing very badly. For example, the premiums of stock fire insurance agency companies in the 18 Western Underwriters Assn. states increased 303% during the 10 year period from 1944 to 1954, which looks awfully good without qualification. However, statistics can be offered to establish the point that this increase has just kept pace with increase in property values and the general economic development of the country, and, during the same period, the writings of non-agency stock companies increased 1,044%. The latter figure, Mr. Gallagher said, can probably be discounted, because there is no question but that most of this increase was in automobile insurance and these carriers took advantage of both the fantastic multiplication of automobile ownership and the unwillingness of agency staff companies to take on more automobile insurance during a period of discouraging loss ratios. Mr. Gallagher made a number of suggestions for agents, mostly appeals to get out and tell the public about coverages which have not been at all publicized and about which the public is completely ignorant, such as business interruption insurance and fire legal liability insurance.

### Cal. Ends Yearly Renewal of License Requirement

In accord with amendments adopted by the 1955 California legislature, insurers authorized to do business in California will this year receive the new continuous form certificates recently prepared by the California department. Hereafter it will not be necessary for companies to renew their certificates annually, since the new certificate is issued for an indefinite period subject to the insurance laws. The new law calls for \$10 annual license fee commencing in 1957, which will be due June 1 of each year and delinquent after June 15. Commissioner McConnell said the new procedure will assist both the department and the insurers in greater efficiency and savings in time.

### Set Taxi BI Amounts at Akron

The Akron, O., city council has passed legislation requiring taxicab and bus companies to carry specific amounts of liability insurance. The ordinance requires cabs, hacks, and other "vehicles for hire" to carry 25/50/5 BI and PDL. Penalties provided are fines of \$50 to \$500.

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## U. S. Files Brief in New Orleans Case

The government has filed its brief in its anti-trust suit against New Orleans Insurance Exchange, and the exchange now has 30 days in which to file a reply in federal district court at New Orleans. Trial of the case was held May 7-9.

The government bases its charges principally on the in-or-out rule, the non-intercourse rule, an agreement to boycott and not to represent non-stock insurers, an agreement not to represent companies which solicit fire and casualty in the New Orleans area directly with the policyholder, a by-law of the exchange which prior to 1950 prohibited members from representing companies which had more than a specified number of agencies within the exchange's jurisdiction, etc.

In addition to the arguments by the government that the U. S. Supreme Court decision in the Southeastern Underwriters Assn. case is controlling over the interstate commerce issue and that the challenged rules and activities of the exchange constitute group boycotts and substantially

restrict competition, the court has to rule on the admissibility of the government's 249 exhibits plus the question of whether the government can, as it moved to do, amend its pleading specifically to include the surety business. In connection with the latter, several government witnesses testified that their insurers lacked facilities for placing certain risks, including contract bonds. The question was raised whether surety generally classifies as casualty.

## Connecticut Department Appoints Keffer Actuary

Connecticut department has appointed Ralph Keffer actuary. He retired last June as actuary of Aetna Life after 37 years.

## Nationwide Mutual Seeks Opinion of Policyholders on Compulsory

Nationwide Mutual is asking its policyholders for their opinions on compulsory automobile insurance. The October issue of the company's policyholder magazine, *Minutes*, contains an eight-page article reviewing the arguments for and against compulsory. Policyholders are invited to comment.

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Rates—\$20 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

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**Says Blue Goose Has Lost Sight of Its Objectives**

(CONTINUED FROM PAGE 15)

floor. At our meetings we go through the seemingly ridiculous business of initiating Goslings, addressing the chair by getting up and making like a bird, etc., but I feel as do many others that today's Blue Goose serves no worthwhile purpose.

Why can we not reexamine our objectives and place more emphasis on the charitable and benevolent aspects? What about our motto "Tote Fair." I wonder how many Ponds "appoint" their offices. Some have this arrangement. The president, sorry, I mean the Most Loyal Gander, selects the chairman of the entertainment committee. The following year he is nominated for the lowest office slot and elected to that position usually with little, if any, opposition. From then on he automatically is "elected" on up to the top yes, but certainly not in the best tradition of democracy which has made our country a world leader today.

I am not aware that you have a "Letters to the Editor" column in your journal, but maybe this is a good time to start one. I, for one, would support a movement to make our Blue Goose a truly democratic organization with worthwhile objectives.

**Standard Accident 1956****School Is in Session**

The 1956 training school for selected employees and agents of Standard Accident and Planet opened Sept. 17 and will run for nine weeks. The class, which will undergo an intensive and comprehensive training program is conducted under the supervision of the companies' education department.

The training school, which has been in operation for many years, covers all phases of insurance production, underwriting, claims, safety engineering and insurance organization. It also will include work on agency management. During the training period, the students are given experience on actual problems that develop in making insurance surveys for both private and commercial establishments. With the aid of the latest visual material, students are given complete and practical training in insurance sales production.

**Savings Bank Buyers to Discuss Package Policies**

Savings Banks Insurance Forum will present a panel discussion on accrual of insurance premiums on package policies Oct. 11 at Bowery Savings Bank, New York City. Members of the panel will be Vincent A. Carroll, assistant secretary of Jamaica Savings Bank; James B. Dunlaevy, insurance manager of Bank for Savings, and Clarence Herold, insurance manager of South Brooklyn Savings Bank.

**Travelers Changes Five in Casualty, Surety**

In casualty, fidelity and surety, Travelers has named George R. West, field supervisor at Peoria, assistant manager at Pittsburgh, and Everett A. Houser III, and Anton E. Linsmaier, field supervisors at Charlotte, N. C., and Toledo, respectively. Field supervisors transferred are Roy A. Hoisington Jr. from Kansas City to Wichita and George H. Knight Jr. from Oklahoma City to Wichita.

Inland Empire Fire Underwriters Assn. conducted a town inspection of Lewiston, Idaho, Oct. 9-10. Edward McMahon, United Pacific, was chairman of the town inspection committee.

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STATEMENT OF THE OWNERSHIP, MANAGEMENT, AND CIRCULATION REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, AND JULY 2, 1940 (Title 39, United States Code, Section 233) of The National Underwriter, published weekly, at Chicago, Ill., for Oct. 1, 1956.

1. The names and addresses of the publisher, editor, managing editor, and business manager are: Publisher, The National Underwriter Co., Chicago, Ill. Editor, E. O. Fore, Greenwich, Conn. Managing Editor, J. C. Burridge, Hinsdale, Ill. Business Manager, R. J. O'Brien, Chicago, Ill. 2. The owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the name and address of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual member, must be given.)

The National Underwriter Co., Chicago, New York, Cincinnati; John Z. Herschede and Elizabeth W. Herschede, Trustees, Cincinnati, Ohio; Levering Cartwright, Trustee for C. M. Cartwright and Kathryn Cartwright, Evanston, Ill.; H. J. Burridge, Cincinnati, Ohio; Levering Cartwright, Evanston, Ill.; Russ Cartwright, Evanston, Ill.; Ruth Cartwright, Evanston, Ill.; Leslie E. Wadsworth, Highland Park, Ill.; R. E. Richman, Holland, Mich.; George W. Wadsworth, Highland Park, Ill.; Mow & Co., Chicago, Ill. 3. The known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages or other securities are: (If there are none, so state.) None.

4. Paragraphs 2 and 3 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also the statements in the two paragraphs show the affiants full knowledge and belief as to the circumstances and conditions under which stockholders and security holders do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner.

5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above was: (This information is required from daily, weekly, semi-weekly, and tri-weekly newspapers only.) 17,964.

Sworn to and subscribed before me this 27th day of September, 1956.

(Seal) My commission expires Aug. 18, 1967.



## St. Louis Paper Continues Attack on Illinois Dept.

(CONTINUED FROM PAGE 2)

He said 'No,' but that the firm would be glad to represent me. He asked me to come in again and talk to Barrett. Mr. Schwanz said that Barrett later called him but they never discussed these situations. After the Barrett talk Mr. Schwanz said his firm employed another Chicago lawyer, James Culbertson, to handle the application. "We paid him \$1,000 and he really earned it," Mr. Schwanz said. "He had to fight to get us in the state and it took him about six months." In most states, Mr. Schwanz said, it takes 30 to 60 days to get a license. "If it takes any longer they will tell you why, and give good reasons, but not in Illinois."

Peter Hennessy, president of Government Personnel Mutual Life, said his firm hired Barrett on "advice of insurance friends in Illinois" after hearing that Illinois was "slow" in acting upon applications. He declined to say how much Barrett was paid.

Judge Richard B. Austin of Chicago, Democratic nominee for governor, in a campaign speech last week charged that Gov. Stratton has permitted a "fast shuffle" in the insurance department. He described the *Post-Dispatch* disclosures as "Scandal No. 5," in Illinois government. He said Gov. Stratton had turned the insurance department over to "experts" including the most thoroughly repudiated attorney-general in the history of Illinois, the two Barrett brothers and Justin McCarthy, director of insurance.

Robert H. Oppenheimer, president of Holland-America of Kansas City, said his company was told that "in order to get a license in Illinois on a prompt basis, it was best to retain an attorney who specializes in licensing." His company retained Barrett, but he said, "it was not our impression we had to have Barrett represent us in order to obtain an Illinois license. It was our impression that if we wanted the licensing handled expeditiously, Barrett was the man to retain." He emphasized that the company was fully qualified in all respects to enter Illinois, and "the payment of the \$5,000 fee was not to influence licensing but was paid as a fee to Barrett to expedite the handling of the license. He said that the most the company had ever paid previously for legal representation in the licensing process was \$1,000.

C. J. Underwood, president of Wash Life of Indianapolis, told the *Post-Dispatch* that "We've been trying for two years to get into Illinois and we still have not succeeded, but we did not retain Barrett because we felt it was ridiculous to buy somebody out to get a license in any state. It was common conversation among insurance men in Illinois and other states that Barrett had to be retained if you wanted to avoid all kinds of delays in getting a license," he added. He said the company had no difficulty in obtaining licenses in nine other states and at the outset did not anticipate trouble in Illinois, but the insurance department of that state more or less ignored our request for information. They have given us a lot of double talk and stalled us all along. No other state is as bad as Illinois in this respect. There is no doubt in my mind that if we had paid Barrett \$5,000 we would now be licensed in Illinois, but our situation never has improved since we applied," he added.

Another company which has continued its fight to obtain a license without paying Barrett is National Farmers

Union. Ralph S. Bradley, president of Illinois Farmers Union, blamed Gov. Stratton for lack of action on the application of the life company. He said, "We feel we have complied with the legal requirements for an Illinois license and unless somebody shows us something to the contrary before Oct. 15, there will be about 1,000 members of the Illinois Farmers Union who will pay Gov. Stratton a visit to ask him some questions. Then if we don't get action, we are going to file a suit which will require the governor and his insurance director to produce supporting evidence for the reasons in denying the application." He said that Farmers Union never has had the courtesy of reply from either the governor or Justin McCarthy on its application for a license for National Farmers Union Life. Mr. Bradley said that the life company first made application for an Illinois license in the fall of 1954. He added that in a few months after application was made, "delaying tactics" became evident, and the hint was dropped "that we might get quick action if we retained George Barrett."

Gov. Stratton, in commenting on the criticism, said that he "was well satisfied with the manner in which McCarthy has been running the insurance department." He said that McCarthy has "kept the operating costs of the department far below those of previous administrations and has kept insurance rates down, in compliance with the policy of the present state administration. If insurance companies have complaints they should bring them directly to the governor, instead of taking them to newspapers," Gov. Stratton said. "God help any insurance director of mine who would discriminate against any insurance company because they haven't favored some particular lawyer," the governor added. He said that admission to Illinois is strictly on a merit basis and depends upon whether the company complies with the law or doesn't comply with the law. "There are many insurance companies that have been trying to get admitted to Illinois for years, but can't because they don't meet the legal requirements," he added. He said that no insurance company has been denied admission when it has complied with the law.

The *Post-Dispatch* also disclosed that United of America, a Chicago firm whose board chairman is under indictment in a South Carolina insurance fraud case, paid Barrett \$14,847 for legal services in 1954-55. Chairman of the company is O. T. Hogan and jointly indicted with him is Paul L. Temple of St. Louis, who "for 25 years has been in and out of courts for a variety of offenses growing out of his activities as a broker, executive of insurance companies, and manufacturing concerns."

Almore H. Teschke, vice-president and general counsel of United, told the *Post-Dispatch* part of the fee to Barrett was for defending the company against charges of misleading advertising brought by FTC, and the rest "for general legal services." In the South Carolina case, Hogan and Temple, along with former commissioner Murphy of South Carolina and two other men, were charged with conspiracy to defraud in the purchase by United in 1954 of the business of Capital Life of South Carolina, allegedly for \$1 million less than the business was worth. Gov. Stratton has granted

South Carolina's request for extradition as to Temple but denied it as to Hogan on the grounds that Hogan was not in South Carolina at the time of commission of the alleged crime and apparently was not involved. Temple has appealed Stratton's order to Cook county criminal court where it is pending.

In its latest story, the *Post-Dispatch* said that Mr. Temple told Kentucky insurance department officials that Barrett would "get me a license in Illinois in 24 hours" for a Kentucky firm owned by Temple which he sought to reorganize in Illinois.

Chicago newspapers have reprinted portions of the *Post-Dispatch* series intermittently, but have avoided taking a stand on the controversy.

The *Chicago Daily News*, last week, quoted Ernest Palmer, Springfield attorney and state director of insurance in the Horner administration, who said, "There is practically no legal work involved in filing an application and getting a company admitted to do business in Illinois. I wrote most of the present insurance code in 1937, and the statutes are clear. If a company is financially sound and has a good record, it should be admitted. The steps to be taken are all there, and it requires no brains to meet the law." Mr. Palmer was commissioner from 1933 to 1941.

Mr. Palmer said there were no favored laws during his administration and there is no excuse for politics in the department. "When out of state companies get pushed around," he explained, "they usually go to their state commissioner and invoke the retaliatory law." He predicted there will be "hot" discussion about the Illinois situation at the coming convention of National Assn. of Insurance Commissioners at Miami Beach in December.

## Mich. Mutual Agents to Meet at Grand Rapids

Michigan Assn. of Mutual Insurance Agents will hold its annual convention, Nov. 7-9 at the Pantlind hotel, Grand Rapids.

Speakers and their subjects are M. L. Landis, counsel for Central Mutual, of Van Wert, "Agents Evaluation and Continuity"; Charles Fleetwood of Grain Dealers Mutual, who will direct a fire prevention demonstration, Howard Holmes of Northwestern Mutual, "Package Policies for the Homeowner"; George Haskill of American Mutual Alliance, "Federal Taxation," and Bert-hold Woodhams, president of Citizens Mutual of Howell, "Trends, Outlook, Challenges." Harry Huddleson of Millers Mutual will offer a film on "Presenting Your Sales Case Convincingly."

## Hartford Mutual Transfers Freeman

Hartford County Mutual Fire has transferred H. Eugene Freeman from manager at Bridgeport, Conn., to the home office for special duties in anticipation of the company's expansion into New York state. Henry C. Barr will succeed him at Bridgeport.

## Insurer Ordered to Pay Verdict Above Auto Policy's Limit

U. S. district court at Chattanooga, has awarded a funeral home manager a judgment \$9,000 more than the limits of his bodily injury automobile policy in a suit against Providence Washington.

James G. Williamson, manager of the Soddy, Tenn., branch of R. J. Coulter Funeral Home, sought three years ago to settle a suit against him for \$3,000. Two persons in his automobile brought suit against him for injuries sustained in an accident. He said they sought to settle their suit against him for \$3,000, but the offer was declined by the insurer.

Hamilton county circuit court subsequently returned a verdict of \$19,000 against Williamson and the insurer. The insurer paid the \$10,000 limit on the policy but refused to settle the \$9,000 deficiency judgment against Williamson. The latter then sued the insurer, charging that it acted in bad faith by not taking his recommendation to settle the original suit for \$3,000.

## Texas Claims Men Hear Benson on New Patterns in Auto Theft, Arson

New patterns in automobile and accessory theft and arson were explained by C. C. Benson, manager of the Texas division of the National Automobile Theft Bureau, to San Antonio Claim Men's Assn.

Mr. Benson noted that a 4% increase in car theft for the first half of 1956 has been reported by the bureau and the Texas Safety department. The stolen cars are four-door models which can be used as cabs in Mexico, he said. Older models are popular among thieves because it is easier to get service on them in Mexico.

Many reported thefts of accessories are not thefts at all, but only "Junior" who has been out with the car and has sold hub caps or other accessories to get money, Mr. Benson said. He urged that car owners mark their hub caps so that they can be identified. While the police do recover many stolen accessories, these cannot be returned to the owner because they lack identification.

The pattern of burning automobiles has changed from the old car to the new model, said Mr. Benson. He attributed this to no down payments being made and the cost of the car, which after a few payments, gave the buyer no equity.

Mr. Benson then ran a film showing how difficult it would be for a car to be destroyed by fire without human assistance. Application of gasoline and welding torch to car plastics, and other devices for starting blazes proved that an automobile fire unaided by man is extremely rare.

Insurance Women of Madison opened their new season with an outing on Lake Mendota. Seventy members of the local, Milwaukee, Racine, Kenosha, Chicago, Rockford and Freeport clubs attended.

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## Alter Commercial Car Rates, Raise Garage Charges

National Bureau of Casualty Underwriters has revised auto liability rates for commercial cars and for division 1 garage risks with policies written on payroll in many states, effective Oct. 10.

Commercial car changes result in statewide reductions in Colorado, Indiana, Kentucky, Michigan and Washington, and increases in Connecticut, Nebraska, Nevada, Oregon, Rhode Island, Utah and West Virginia.

The garage changes, which reflect adverse underwriting results in most states, result in increases in Connecticut, Indiana, Kentucky, Nebraska, Nevada, Oregon, Rhode Island, Utah and Washington, and reduction in Michigan.

## McConnell Advises Cal. Insurers on Seeking Admission to Other States

A bulletin, issued by Commissioner McConnell of California to domestic insurers advises them of the requirements necessary for seeking admission to other states. It says in part that "insurers of each state have the right to be admitted to every other state provided that affirmative evidence is presented with the application of admission showing that the insurer qualifies under standards prescribed by the statutes and by lawfully adopted and promulgated rules and regulations. Upon such a showing, every insurance commissioner and superintendent of insurance has the duty to issue the required certificate of authority or license. This is a matter of right and not of grace."

The bulletin details some of the information needed in the application and makes particular mention of the fact that if some required information does not appear, there is usually a delay of several weeks and sometimes months before an application can be formally acted upon. The bulletin also offers the services of the department in certifying documents which are required as exhibits with applications and suggests that the department may be able to facilitate completion of applications for admission by furnishing information directly to the insurance departments of other states.

## Founders Mutual Starts Ad Plans

Founders Mutual Casualty of Chicago has appointed the Robert E. Kilbride Co. to handle its advertising and public relations. Founders Mutual plans to carry on an advertising campaign aimed at making insurance agents and brokers familiar with the name of the company and its services.



Pictured at the convention of Wisconsin Assn. of Insurance Agents at Milwaukee last week are (from left): J. W. S. Gallagher, general convention chairman and newly-elected secretary-treasurer; George Timm, reelected state national director; Arthur Moss, newly-elected president, and John J. Batenburg, past-president and now board chairman. Photo by Urban Krier, assistant manager of U.S.F.&G., Milwaukee.

## A. G. Stanten Retires from Phoenix of London

Phoenix of London has announced the retirement of Arthur G. Stanten, superintendent of the fidelity and surety department. He joined the company in 1944 to establish the fidelity and surety department and his experience was instrumental in developing the bond department on a countrywide basis.

## General F. & C. Appoints Thompson Manager of Philadelphia Branch

General Fire & Casualty has appointed William M. Thompson branch manager at Philadelphia.

He started in insurance more than 30 years ago and prior to his present appointment was Philadelphia manager of American Casualty. Before that he was resident manager at Washington, D.C., for Employers' Liability.



W. M. Thompson Jr.

## Credit Men Discuss Flood and Compulsory

The insurance committee of National Assn. of Credit Men discussed the new government flood indemnity program, compulsory auto insurance, and fidelity and surety insurance topics at the first fall meeting in New York. Michael O. Dakin, local agent of Baltimore, chairman of the insurance committee, presided.

## Willis Named Supervisor

E. S. Willis has been appointed agency supervisor of Employers Casualty and Employers National. He will direct production of all lines of insurance written through agents of the two companies.

With the firms for 27 years, Mr. Willis was manager of the agency underwriting department before assuming his new duties.

## Coffey's Program

### Approved by Board

(CONTINUED FROM PAGE 2)

agents' organization has been "almost" what it should be, and Mr. Coffey wants to end this state of affairs and get the association on its own feet.

Announcement was made also this week of the appointment of John M. Forrest and Paul M. Klein to the board of directors of the international association.

Mr. Forrest is manager of Mutual Benefit H&A at Akron. He entered life insurance in Cleveland in 1944 as a personal producer. In 1949 he joined John Lambert & Associates of Cleveland, general agent of Mutual Benefit H&A, as life manager. He became the agency director in 1951 and was appointed manager at Akron in 1953. He has been president of the Akron association, and vice-president of the Ohio association.

Mr. Klein is president of Mid-America and owner of the Paul M. Klein agency of Kansas City, was appointed zone chairman of the Missouri association. He has been in insurance since 1937. Prior to starting his insurance agency, he was with Hartford Accident and Employers Reinsurance.

## Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

S. Feinerman of Harrisburg, who served brilliantly as chairman of the education committee of the association 1945-55, and Morton V. V. White of Allentown, who served as state national director from 1950 to the convention just held. Mr. White recently was named to the NAIA executive committee.

## N. A. Advances Moyer, Tease and Others

North America has promoted Arthur T. Moyer, fire secretary, to the new post of methods and procedures secretary, Francis G. Tease, assistant comptroller, to assistant secretary, and A. Walton Davies, John O. Larson, and Robert W. Wilson to assistant secretaries.

Mr. Moyer joined North America in 1927, was elected assistant secretary in 1944 and fire secretary in 1952. Mr. Tease went to North America in 1928 as an assistant auditor, became chief auditor in 1943, assistant to the comptroller in 1952 and assistant comptroller this year.

Mr. Davies started in the purchasing department in 1929 and became manager of the purchasing and real estate departments, which he will continue to head. Mr. Larson started in 1927 as assistant to the personnel director and has been personnel and operations manager since 1946. Mr. Wilson joined North America in 1933 as a fire examiner at San Francisco. He transferred to the business development staff at the head office in 1955.

## NAIA Names Ad Committee, Other Chairmen

Alan H. Miller of Hackensack, N. J., president of New Jersey Assn. of Insurance Agents, has been named chairman of the newly created advertising committee of NAIA. Seven new chairman were also appointed to head NAIA standing committees for the new year. They are Joel L. Harrison of Kearny, N. J., accident prevention, J. Norvell Trice of Richmond, educational, Frederic L. Burns of Manchester, N. H., fidelity and surety, K. H. Blair of Albuquerque, local board and membership, Philip Bronson of Seattle, metropolitan and large lines agents, George A. Timm of Kenosha, Wis., property, and Clarence D. Friday of Osceola, Ia., rural and small lines. In his new post Mr. Miller already is conferring with advertising agencies on possible programs for the insurance business.

## Ann Arbor School Board to Reform Insurance Program

The Ann Arbor board of education has endorsed a program to systematize the school insurance program which involves coverage in excess of \$15,400,000.

Richard H. Mann, a counselor for Insurance Audit & Inspection of Indianapolis, has been advising the board. He told the board the present plan under which buildings are insured for \$12,552,200 is inadequate, expressing grave concern "by the lack of dependable or current valuation data to support your present amounts of insurance." He said settlements under the existing program would be "disappointing."

The board supported a six-point program for modernizing its insurance coverage. Engineering appraisals will be sought on a bid basis on some properties; protection will be divided equally between stock and mutual insurers; vandalism coverage will be obtained for all buildings; all accounts under \$100,000 will be eliminated or the agencies having such accounts will be brought up to that total, and quotations will be asked on auto liability coverage on board-owned vehicles, with 100/200 and 200/500 limits, compared with present liability limits of 10/20.

Mr. Mann's recommendation for an increase from \$25,000 to \$200,000 on minimum boiler explosion coverage on the new high school and from comparably lower figures to \$50,000 and \$100,000 on other schools also was accepted. His report criticized local agents for failing to notify the board "of a rather substantial rate reduction published last November nor was any effort made to find a way to take advantage of it." He said the board would be justified in demanding a complete reorganization of service on the part of agencies which have been sharing school business. He said the board should perfect a plan under which it would be necessary for its business manager to deal with "only one responsible insurance man."

## Standard Accident Promotes Pepin, Blaisse in East

Standard Accident and Planet have made appointments at Baltimore and Philadelphia.

George W. Pepin has been made manager of the casualty and property underwriting department at Baltimore. John D. Blaisse has been appointed office manager at Philadelphia.

Mr. Pepin started with the companies in New Jersey in 1953 as a casualty underwriter and was transferred to Baltimore branch this year as field representative and casualty underwriter. Mr. Blaisse joined Standard Accident at Philadelphia in 1947 as supervisor of policy writing. In 1955 he became office supervisor.

Truckmen's Ins. Co. of New York has changed its name to State-Wide Ins. Co.



Pictured at a reception honoring Commissioner Rogan during the convention of Wisconsin Assn. of Insurance Agents are (from left): J. D. Williams, vice-president of U.S.F.&G. and Mr. Rogan. Most of the major companies licensed in Wisconsin were represented at the reception. Photo by Urban Krier, assistant manager of U.S.F.&G., Milwaukee.



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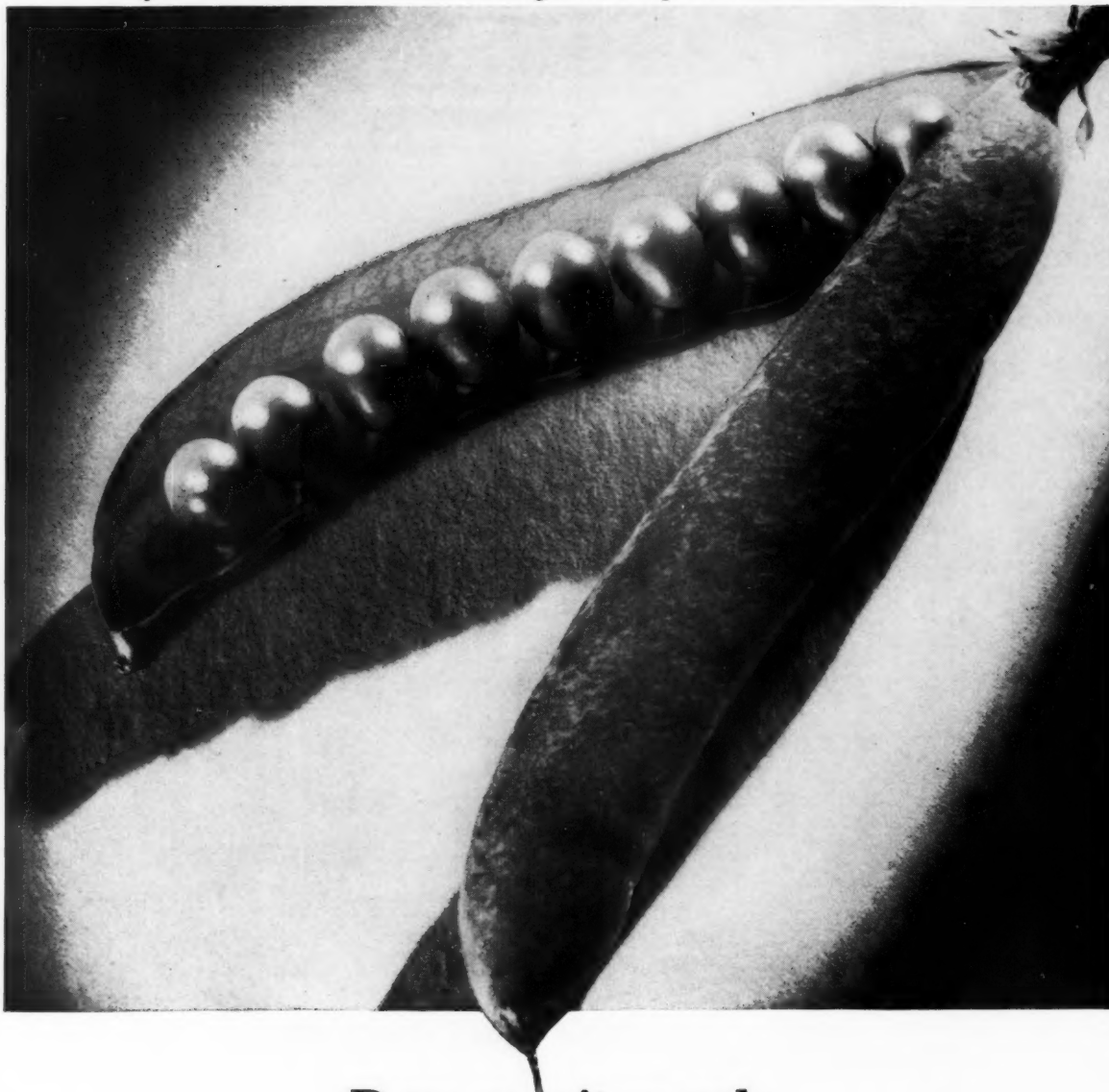
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Here is the newest in the series of attention-getting advertisements designed to help Maryland agents and brokers sell more Fidelity Bonds.